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# Georgia & Atlanta
1987–1988
## Economic Forecasting Center
Georgia State University, College of Business Administration, November 1987
Dr. Donald Ratajczak, Director

## ECONOMIC FORECASTING CENTER

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# SLOW GROWTH IN GEORGIA DURING NEXT TWO YEARS

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## Summary

Employment growth in Georgia rebounded only modestly in the summer months from a second quarter seasonally adjusted dip. Construction continued to weaken while transportation and trade remained at a standstill. Services also slowed temporarily but government payrolls continued to expand. Personal income gains slowed sharply, but remained marginally stronger than in the U.S., as a result of a substantial rebound in farm income. However, nonfarm personal income slowed from an annualized 10.0% in the first quarter to only 3.0% in the spring as compared with a more modest slowing from 6.4% in the winter to 5.5% in spring for the entire U.S.

The weakness in construction and slowing in retail trade should now be combined with a period of softness in the financial sector to cause a relatively sluggish 1.8% gain in Georgia employment during 1988. A slight rebound in construction along with significant improvement in nondurable manufacturing should increase employment growth to 2.0% in 1989.

Sluggish employment gains are reflected in Georgia's personal income. Nonfarm personal income is now expected to increase only 6.5% in 1987 and slow to a 5.9% rate of increase in 1988 before beginning a modest rebound to a 7.1% gain in 1989.

According to the latest coincident indicators, gross state product in Georgia appears to have advanced 3.9% in 1987. This compares with an increase of 2.8% for the United States. In 1988, however, gross state product is projected to increase 2.5%. This still compares favorably with 1.7% gains expected nationwide. A slight acceleration to a 2.9% increase in gross state product is currently anticipated for 1989. This compares with an estimated 1.1% increase in the U.S. estimate of gross national product.

## Recent Conditions

Following a disappointing second quarter, when economic activity in Georgia declined slightly, employment gains were only marginal during the summer. Construction continued to weaken, although the rate of decline slowed sharply. Transportation and communications remained unchanged, but activity began rebounding in September. Trade remained weak, as a sharp decline in wholesale trade was not completely reversed by a slight rebound in retail activity. The service sector also showed summer weakness, although some of this may be the result of faulty reporting. Government payrolls expanded as increased social services required increased local government employment. Seasonal estimates showed an increase in payrolls at an annual rate of only 0.2% during the summer. This compares with a gain of 1.2% at annual rates for U.S. payrolls. Clearly, gains in Georgia personal income during the summer should trail U.S. performance.

According to data released for the second quarter, nonfarm personal income in Georgia grew more slowly than in the United States, as expected. Following a winter when Georgia's personal income expanded at a 10% annual rate, nonfarm personal income slowed to only a 3% annual gain in the spring. Fortunately, a surge in farm income as a result of continued favorable pricing in the poultry industry helped total personal income in Georgia. However, poultry income is now declining as a result of price weakness. Thus, farm income probably will slow relative to the nation for the remainder of this year.

Much of the weakness in Georgia personal income was caused by a dramatic drop in construction earnings and a much sharper slowing in earnings in trade and the services sector than in the U.S. For example, earnings in construction fell at an annual rate of 13.5% in Georgia while growing 4.7% in the U.S. Partially offsetting weakness in trade, services, and construction, were stronger manufacturing earnings in Georgia both for durable and nondurable goods. In addition, the transportation sector showed stronger earnings growth than in the nation. Also aiding Georgia personal income was stronger growth in property income and in transfer payments than in the nation.

In September, the weakness in construction and trade continued, although services employment showed some renewed vigor. On the other hand, manufacturing slowed in the latest reporting month, especially for nondurables. Much of the weakness was in food processing, textiles, and apparel. However, further dollar weakness should create strong employment growth in the textiles industry for the remainder of 1987 and into 1988. Employment declines in apparel also are expected to be reversed early next year.

Georgia's coincident indicators were positive in the summer months, but the index was only up 0.4% from the previous quarter. This suggests that gross state product increased about 2.6% in the quarter, or more than a percentage point behind the 3.8% gain recorded nationwide. Especially troubling was the decline in the index of hours worked in September, although this may reflect Labor Day survey problems that developed in the national estimates of labor activity. If so, estimates of third quarter gross state product could be too low. Bank deposits and the insured unemployment rate both contributed significantly to advances in the coincident indicators. However, the value of unemployment claims was a decreasing positive factor as the quarter progressed. The corporate sector showed minimal change while the farm sector showed significant weakness. Much of the weakness in agriculture probably is related to reduced profitability in the poultry industry.

The leading indicators performed more strongly than the coincident indicators during the summer months, suggesting that economic activity may rebound in the fall. However, this assessment was prior to uncertainty created by October's stock market crash. Indeed, the leading indicators grew twice as fast as the coincident indicators, suggesting that the potential for increased economic activity was significant. Tax revenues provided most evidence of increasing potential although consumer activity also was strong in the summer months. The latter may reflect the positive influence from automobile incentives, however. Weakness began to materialize in September for nonresidential construction contracts while initial unemployment claims also contributed negatively. While the stock market crash clearly will have some delaying effects upon construction projects and may also slow hiring activity, its impact upon the Georgia economy is not expected to be dramatic. Some decline in consumer activity also might materialize. However, with the indicators suggesting strengthening activity ahead, the economic impact of the stock market crash probably will be to eliminate the improvement that otherwise would have developed.

During the summer months, sales in the South Atlantic states began to improve relative to the nation. For the first eight months, total retail sales in this region were up 6.1% as compared to a 4.8% gain nationwide. The Atlanta estimates of sales remain sharply below previous year levels, showing a dramatic but improving 8.3% decline. Nondurables again accounted for most of this weakness, probably as a result of reduced gasoline prices. Department store sales slipped slightly but remained more than 7% above previous year levels. Taxable sales in Georgia during the second quarter were up only 4.2% from the previous year. Adjusted for service purchases, this suggests that total consumer activity grew less than 6%. This is a percentage point less than estimated gains in disposable income, suggesting that Georgians continued to increase their savings rates by a full percentage point even as savings rates nationwide were declining by more than a percentage point.

Despite the slowing in employment opportunities, measured unemployment in the state continued to fall. The Georgia unemployment rate in September was 5.0%, 0.6 percentage points below the previous year. Unemployment improved more slowly in Georgia than in the U.S. while most of a September improvement appeared to be the result of a slowing in the labor force, suggesting reduced population flows. Athens remained a low unemployment area showing a 0.7 percentage point improvement to 4.1% over the previous year. Atlanta's unemployment rate remained at 4.4%, only marginally below previous year levels. Macon also registered an unemployment rate below 5%, with a 1.1 percentage point improvement to 4.7%. However, the household surveys show that this improvement was solely the result of a labor force declining even more rapidly than employment. Unemployment in Augusta also was aided by a declining labor force, with the unemployment rate falling 1.1 percentage points to 5.1%. Savannah had an unemployment' rate of 5.5%, down modestly from 6.1% of the previous year. Unemployment in Columbus improved more than a percentage point over the past year to 5.7%, but much of this was the result of reduced growth in the labor force. Finally, Albany appears to be gradually digging out of its employment difficulties. Employment advanced marginally from a year ago while the labor force fell sharply. As a result, the unemployment rate fell from 11.9% to 8.2%. The household surveys, which previously showed much greater employment gains than the payroll surveys, have significantly reversed direction as reported employment gains now are less than 6000 for the state, far below estimates of payroll gains. However, estimates that the labor force has actually declined in Georgia should not be taken too seriously.

Nationwide, the insured unemployment rate fell significantly to only 2.1% in the most recent weeks. This is lower than the insured unemployment rate has reached at any time since the especially long economic expansion in the 1960s. In Georgia, the insured unemployment rate fell further to 1.4% in September while the Atlanta rate remained below 1.2%. These figures strongly suggest that full utilization of the experienced work force is approaching and that further economic expansion could begin to generate increased wage pressures.

The stock market collapse caused a significant change in portfolio investment toward bonds and away from stocks. As a result, mortgage rates have fallen dramatically since October 19. Prior to the crash, the effective interest rate nationwide was 10.26%, slightly below the 10.47% of the previous year. In Atlanta, the effective rate had already fallen significantly to only 9.05% from 9.96% a year ago. This discrepancy in effective mortgages reflects a more competitive lending environment in Atlanta and a slowing in housing activity. The average financed home nationwide cost $122,700, up $8600 from the previous year. The purchase price of financed homes in Atlanta rose to $149,400 up $14,800 from the previous year. Clearly, with loan activity slowing, this significant rise in housing prices cannot be sustained. Because of the stock market decline, effective mortgage rates nationwide should fall by nearly a percentage point. Because rates already are relatively low in Atlanta, they should remain near 9% through 1988 before rising marginally in 1989.

Revenue collections in Georgia suggest a stronger economy than the preliminary employment data. Revenue gains were up a surprisingly strong 9.1% in the summer from that quarter of the previous year. This compares with year-over-year gains of 6.9%, 10.0%, 6.4% and 5.9% in previous quarters. Revenue gains in September remained at a satisfactory 10% increase from the previous year. When the effects of the stock market crash are compared against indicator signs of increasing economic activity, revenues in the next fiscal year should be up approximately 7.5%. In the fiscal year following that, with inflation remaining only slightly above 4% and employment growing 2%, revenue growth will be slightly less than 7%.

Sales tax collections rebounded by a satisfactory 9.7% as automobile incentives swelled tax collections. This was significantly better than in previous quarters when gains of 5.1%, 5.4%, 2.5%, 3.0%, and 7.2% were recorded. All other state and local governments saw their sales tax collections grow 7.4%. In previous quarter, collections for all state and local governments grew 7.6%, 8.5%, 7.6%, 7.6%, and 5.7%. Personal income tax collections rebounded in Georgia to an 11.0% gain in the third quarter. This compared with gains of 9.6%, 12.2%, 8.0%, 8.9%, and 12.4% in previous quarters. These increases were better than for all state and local governments, where personal income tax collections increased 6.8%. In previous quarters, tax collections were up a surprisingly strong 13.1% to reflect one-time capital gains and then increased a smaller 5.8%, 6.9%, 6.7%, and 3.9% in previous quarters. The relative absence of capital gains in Georgia's tax collections is surprising. The corporate sector in Georgia lagged behind with tax increases of only 4.9%. While this was better than 2.9% recorded in the previous quarter, it trailed sharp gains of 26.3%, 21.2%, and 7.5% in previous quarters. However, corporate tax collections were down a surprising 5.5% nationwide according to our estimates for the third quarter. This was an improvement from a decline of 9.5% in the previous quarter. Nevertheless, tax collections showed sharp gains of 28.5%, 14.6%, 5.8%, and 10.5% in previous quarters. In effect, Georgia tax collections during the third quarter reverted to their normal, more rapid rates of growth than the nation following the second quarter, when all components of revenue in Georgia sharply trailed national conditions. The discrepancy between continued slowing in employment and improvement in tax collections is puzzling. For that reason, the relatively sluggish reading for employment opportunities in Georgia may actually be understated.

## Summary of Outlook

Construction slowed sharply in the second quarter. In 1988, construction will continue declining, causing a significant drag upon the Georgia economy. Construction-related manufacturing materials also are expected to weaken next year. In addition, a forecast of relatively sluggish national economic activity should continue to exert downward pressures upon the metals. Fortunately, weakness in some of the durable goods industries will be offset by moderate gains in machinery and transportation equipment and some significant gains in most of the nondurables except apparel. Actually, the apparel industry is no longer trending downward, but sharp declines early in 1987 have not yet been reversed. This is the reason for a slight reduction in activity for 1988. Some significant slowing also is expected in wholesale trade following unsustainably rapid rates of expansion in 1987. Retail employment, whose 4.4% employment gain exceeds the 4% inflation adjusted gain in retail trade, will need to slow slightly in 1988 to remove moderate imbalances. Weakness in real estate and turmoil in the financial services industry will have an impact upon the finance group. Finally, the service sector is slowing significantly, with business services revealing no significant growth after seasonal adjustment. While reasonable employment opportunities will surface for nondurable manufacturing and gains also are expected in the transportation and utilities sector, widespread slowing in employment gains and employment weakness in construction and construction-related manufacturing should slow growth in payrolls to less than 2%. Nevertheless, some employment growth is anticipated.

In 1989, the adjustment in construction will be coming to an end. However, a significant decline in employment at Lockheed-Georgia will more than offset moderate employment gains for other durable manufacturers. In addition, relatively sluggish employment gains for trade will more than offset a rebound in the financial services sector. Overall, employment gains in 1989 will be only marginally greater than gains in 1988. As a result, the unemployment rate in Georgia should climb to an average of 6.1% by 1989.

As a result of reduced employment prospects in construction and finance that are not fully offset by expanding industrial opportunities, job gains in Georgia will be 77,500 in 1987 as compared to 80,300 previously anticipated. In 1988, job creation will be held to 48,200, a significant slowing from the 65,800 job gains previously anticipated. Some recovery is expected in 1989, when job gains are expected to total 57,800.

Weakness in employment opportunities is clearly apparent in personal income projections for the next two years. As poultry prices decline, overall farm incomes are expected to slump in 1988 before rebounding in 1989. Weakness in construction is readily apparent from the decline in construction earnings both in 1987 and 1988. A rebound is expected in 1989. No other sectors are expected to show declines in income generation, but increases in the finance and service sectors are expected to slow sharply. In addition, earnings growth should be subdued in the trade sector both in 1988 and 1989. Manufacturing earnings are expected to accelerate, especially in nondurables. This is largely the result of displacing foreign suppliers. Government payrolls are expected to show the same expansion in the next two years as they have exhibited in the previous two years.

More sluggish economic activity nationwide will reduce gains generated in property income. Many savers will not receive the same interest yields in 1988 as they received in 1987. Interest rates, however, should stabilize in 1989. Some increase in the unemployment rate will be reflected in higher benefits for unemployment insurance in both years. After adjustment for inflation, real disposable income in 1988 will increase less than 3%. Assuming further increases in savings, this is broadly consistent with estimates of retail trade employment.

On balance, the Georgia economy will reflect many of the national pressures. Consumer activity and construction activity both will be trending downward in 1988 and only gradually recover in 1989. However, part of this weakness is offset by improving manufacturing opportunities, at least in those manufacturing areas not heavily dependent upon construction activity. At the present time, no recession is forecast for Georgia, but significant slowing from the previously rapid rate of economic expansion is likely. On the other hand, some imbalances that have developed in the trade and construction areas need to be removed.

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## CONSTRUCTION FLATTENS THE BOOM IN ATLANTA

### Recent Conditions and Outlook

Employment opportunities continue to weaken in Atlanta according to seasonally adjusted payroll employment estimates. Contract construction fell sharply in the third quarter and continued to fall in September. Durable manufacturing employment also showed modest weakness, largely as a result of significant slowing in the stone, clay group, in primary metals, and in transportation equipment. However, the end of model changeovers at a General Motors plant should cause transportation equipment to rebound in the fourth quarter and in most of 1988. Then, Lockheed-Georgia reductions should begin to reduce transportation employment late in 1988.

Employment also weakened for wholesale trade and showed surprisingly little growth in the services sector. Much of the weakness in services appears to be caused by reductions in the use of temporaries, which are included in the business service sector. Government payrolls also declined sharply, but as the decline was in local payrolls, this may merely reflect a shift in seasonal patterns for educational personnel.

Payrolls increased for food processing and textiles. Gains also were recorded for paper and printing. The chemicals industry rebounded following sluggishness during the spring. Employment also is gaining in the transportation sector and continues to show significant growth potential in the finance and insurance sectors. However, the real estate sector has begun to soften. The stock market crash may have some slowing effects upon financial services, especially as some brokerage houses cut overhead costs. However, most brokerage activities in Atlanta are branch offices, which increased their profitability from the increased volume of trading in recent weeks.

The weakness in construction appears to be widespread. Office construction is down significantly as only 6.6 million square feet are under construction at the present time, down from 9.6 million square feet a year ago. As absorption rates are only slightly above current activity, further reductions are anticipated in office construction to the vicinity of 4 million square feet in 1988. Some rebound from that relatively depressed level of activity is expected in 1989.

The sluggish pattern of employment appears to be inconsistent with continued high absorption levels for offices. The discrepancy may be explained by heavy leasing activity, especially by accounting and legal firms that have outgrown their previous space. These partnerships are committing to new space, which is being counted as leased, even as they continue to remain in their previous quarters. As a result, the amount of new leased space currently exceeds the amount of newly occupied space. In the next two years, however, a closer correspondence between space needs and employment growth will reappear.

According to the latest Coldwell Banker survey, office vacancy rates increased marginally nationwide to 20.9% while decreasing marginally to 17.8% in Atlanta. In this total, Atlanta's downtown vacancies increased slightly to 10.4% but remained dramatically below 16.2% nationwide. Atlanta's suburban vacancies decreased slightly to 19.3%, which was below 23.0% vacancies nationwide. However, high lease rates appear to be the result of increased commitments by existing tenants in Atlanta and may be overstating the total amount of occupied space at the present time.

Industrial vacancies increased in Atlanta from 5.0% to 5.4%. This still remained below 5.8% nationwide. However, national indices were decreasing while the index was increasing in Atlanta. This suggests that absorption rates are lower than current construction activity and might require some slowing in activity. However, the rebound in industrial activity as a result of the declining dollar might lead to more rapid absorption of industrial space in the next six months than occurred in the past year.

The stock market crash appears to have had some minor effects upon single-family sales in the metropolitan area. As a result, single-family permits are expected to fall nearly 9% for the year. The greatest slowing is occurring in Cobb county, but activity also is off sharply in Gwinnett county. Several counties are showing increased activity, however, including Henry, Newton, Paulding, and Walton counties.

Several large apartment projects reappeared in September. There continued to be no apartment activity in Gwinnett, however. Cobb is the only county experiencing increases in apartment activity from previous year levels through the first nine months. Significant projects developed in DeKalb, Clayton, and Fulton counties in September. Nevertheless, activity in Fulton county is only half what it was a year ago. Even with this increased effort, multi-family permits will be down a sharp 48% from the previous year. Excess vacancies clearly created some of this weakness, but a significant part of the correction is caused by changing tax codes. Continued unfavorable tax conditions should restrain apartment construction in 1988 as well.

As a result of the weakness in apartments, single-family activity can remain relatively strong. However, reduced employment opportunities will reduce population growth, leading to a decline in household formations. From a peak of

48,000 housing units needed in the 15-county Homebuilders Association measure of Atlanta, housing need will decline to only 33,000 by 1989. Most of this weakness will be handled by the sharp decline in apartment activity. Indeed, a slight rebound in single-family construction is expected toward the end of 1988 and in 1989. At that time, housing will be permitted at a slightly faster rate than housing need. For that reason, further significant price increases for housing in Atlanta are not anticipated over the next two years.

Relative weakness in Atlanta's economic growth is apparent in taxable sales. During the second quarter sales were only 4.6% above a year ago, only marginally better than the 4.2% gain recorded for the state. Disposable income is increasing nearly 8%. Assuming services raise total consumer spending to the vicinity of 6%, this means a 2 percentage point gap between purchasing power and spending in Atlanta. Such a savings increase is sharply at odds with savings declines for the nation. However, savings also appears to have increased for Georgia.

Some counties experienced surprising slowing in their taxable sales from recent quarters. For example, sales in Paulding county slowed from 16.6% ahead of previous year levels in the first quarter to a gain of only 2.8% in the spring. Taxable sales actually fell by 3.1% in Forsyth county and fell back to single-digit gains in Gwinnett county. Sluggish sales gains were also apparent in Cobb, Cherokee, Fulton, and DeKalb counties. On the other hand, sales appeared to have increased in Clayton and Henry counties on the south side. These sales figures clearly reflect the shift in growth potential between the north and the south side of the metropolitan area.

Obviously, a 4.6% growth in taxable sales is inconsistent with the 6.1% gain in projected employment of retail establishments. A significant slowing in employment opportunities should be anticipated as a result of these imbalances.

Although employment growth in Atlanta will remain a respectable 4% in 1987, employment opportunities are slowing significantly. Employment declines are expected in construction while employment gains will be much slower in trade and services. Partially offsetting this weakness is significant strength in government payrolls, continued moderate growth in transportation, and some acceleration in manufacturing, excluding the effects from anticipated layoffs at Lockheed-Georgia. Only 34,400 additional jobs are expected in 1988 before job gains accelerate slightly as the construction slump slows in 1989. Unemployment rates will be rising over the next two years.

Despite construction weakness, income in Atlanta is expected to continue growing more rapidly than in the state over the next two years. Atlanta already is 50% of the state in purchasing power and should gradually widen its importance over the next two years.

The forecast that Atlanta will continue to do slightly better than Georgia despite significant slowing in construction and a retrenchment in retailing is surprising. However, several manufacturing plants are being constructed in Atlanta. In addition, strength in the transportation sector and an anticipated rebound in the finance sector should provide ample gains in purchasing power. By 1989, the excess construction and retail employment problems will have been resolved. Thus, Atlanta should be ready for moderate, sustained growth at the end of this decade. However, the boom in employment opportunities in Atlanta appears to have come to an end, at least for this decade.

Georgia State University
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Economic Forecasting Center
November 1987

Table 1

## Georgia Wage & Salary Employment for 1986 with Forecasts for 1987 through 1989
(Thousands)

| Industry | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| 1. Mining | 8.4 | 8.8 | 8.8 | 8.9 | 3.7 | 5.3 | 0.0 | 1.1 |
| 2. Construction | 156.2 | 156.6 | 150.2 | 152.4 | 8.6 | 0.3 | -4.1 | 1.5 |
| 3. Manufacturing | 564.6 | 569.0 | 572.1 | 573.3 | 1.3 | 0.8 | 0.5 | 0.2 |
| Durables | 222.1 | 222.9 | 222.9 | 220.9 | 0.9 | 0.4 | 0.0 | -0.9 |
| Lumber | 34.9 | 34.6 | 34.2 | 34.3 | -2.2 | -0.9 | -1.2 | 0.3 |
| Furniture | 11.8 | 11.8 | 11.5 | 11.6 | -0.8 | 0.0 | -2.5 | 0.9 |
| Stone, Clay, Glass | 20.8 | 20.6 | 20.1 | 20.2 | 4.5 | -1.0 | -2.4 | 0.5 |
| Primary Metals | 15.4 | 15.2 | 15.0 | 15.2 | -6.7 | -1.3 | -1.3 | 1.3 |
| Fabricated Metals | 20.6 | 20.5 | 20.3 | 20.5 | -0.5 | -0.5 | -1.0 | 1.0 |
| Nonelectrical Machinery | 26.1 | 26.8 | 27.1 | 27.2 | 0.4 | 2.7 | 1.1 | 0.4 |
| Electrical Machinery | 29.2 | 29.7 | 30.0 | 30.3 | 5.4 | 1.7 | 1.0 | 1.0 |
| Transportation Equipment | 50.9 | 51.0 | 51.7 | 48.0 | 3.7 | 0.2 | 1.4 | -7.2 |
| Other Durables | 12.3 | 12.7 | 13.0 | 13.6 | -2.4 | 3.1 | 2.4 | 4.6 |
| Nondurables | 342.5 | 346.1 | 349.2 | 352.4 | 1.6 | 1.1 | 0.9 | 0.9 |
| Food | 60.6 | 61.0 | 61.9 | 62.6 | 2.2 | 0.7 | 1.5 | 1.1 |
| Textiles | 103.0 | 106.8 | 107.6 | 107.9 | 2.2 | 3.7 | 0.8 | 0.3 |
| Apparel | 69.8 | 69.0 | 68.5 | 68.9 | -0.9 | -1.1 | -0.7 | 0.6 |
| Paper | 31.0 | 31.0 | 31.6 | 32.2 | 2.3 | 0.0 | 1.9 | 1.9 |
| Printing | 36.6 | 37.5 | 38.0 | 38.4 | 7.3 | 2.5 | 1.3 | 1.1 |
| Chemicals | 19.2 | 18.7 | 18.9 | 19.2 | -0.5 | -2.6 | 1.1 | 1.6 |
| Leather | 1.5 | 1.3 | 1.4 | 1.3 | -6.3 | -13.3 | 7.7 | -7.1 |
| Other Nondurables | 20.9 | 20.8 | 21.3 | 21.9 | -1.4 | -0.5 | 2.4 | 2.8 |
| 4. Transportation, Comm. & Utilities | 166.5 | 170.3 | 175.0 | 179.3 | 2.2 | 2.3 | 2.8 | 2.5 |
| 5. Trade | 669.6 | 696.8 | 711.5 | 726.2 | 4.1 | 4.1 | 2.1 | 2.1 |
| Wholesale | 197.1 | 203.5 | 204.7 | 206.3 | 0.9 | 3.2 | 0.6 | 0.8 |
| Retail | 472.5 | 493.3 | 506.8 | 519.9 | 5.6 | 4.4 | 2.7 | 2.6 |
| 6. Finance, Ins. & Real Estate | 145.3 | 150.3 | 154.1 | 160.3 | 6.2 | 3.4 | 2.5 | 4.0 |
| 7. Services | 505.7 | 534.6 | 556.3 | 577.2 | 7.8 | 5.7 | 4.1 | 3.8 |
| 8. Government | 458.6 | 467.1 | 473.7 | 480.9 | 2.2 | 1.9 | 1.4 | 1.5 |
| Federal | 96.0 | 97.6 | 98.7 | 100.1 | 1.9 | 1.7 | 1.1 | 1.4 |
| State | 106.9 | 108.6 | 110.3 | 111.9 | 2.0 | 1.6 | 1.6 | 1.5 |
| Local | 255.7 | 260.9 | 264.7 | 268.9 | 2.4 | 2.0 | 1.5 | 1.6 |
| Total Wage & Salary Employment | 2675.0 | 2753.5 | 2801.7 | 2858.5 | 4.1 | 2.9 | 1.8 | 2.0 |
| Unemployment Rate | 5.9 | 5.3 | 5.7 | 6.1 | -9.2 | -10.2 | 7.5 | 7.0 |

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Table 2

## Georgia Personal Income for 1986 with Forecasts for 1987 through 1989
(Millions of Dollars)

| | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Wage & Salary Income | 53047 | 56714 | 60465 | 64930 | 9.4 | 6.9 | 6.6 | 7.4 |
| 2. Other Labor Income | 4913 | 5237 | 5598 | 5985 | 8.4 | 6.6 | 6.9 | 6.9 |
| 3. Proprietors' Income | 6263 | 6895 | 7050 | 7572 | 14.4 | 10.1 | 2.2 | 7.4 |
| Farm | 1022 | 1212 | 1032 | 1181 | 20.9 | 18.6 | -14.9 | 14.4 |
| Nonfarm | 5241 | 5683 | 6018 | 6391 | 13.2 | 8.4 | 5.9 | 6.2 |
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Farm | 1170 | 1365 | 1189 | 1343 | 17.8 | 16.7 | -12.9 | 13.0 |
| 2. Mining | 329 | 355 | 369 | 392 | 5.4 | 7.9 | 3.9 | 6.1 |
| 3. Contract Construction | 4485 | 4284 | 4232 | 4573 | 14.6 | -4.5 | -1.2 | 8.1 |
| 4. Manufacturing | 13017 | 13558 | 14277 | 15051 | 7.8 | 4.2 | 5.3 | 5.4 |
| Durables | 5827 | 5979 | 6248 | 6502 | 7.7 | 2.6 | 4.5 | 4.1 |
| Nondurables | 7190 | 7579 | 8029 | 8549 | 7.8 | 5.4 | 5.9 | 6.5 |
| 5. Transportation & Utilities | 5763 | 6309 | 6807 | 7358 | 6.5 | 9.5 | 7.9 | 8.1 |
| 6. Trade | 12343 | 13322 | 14193 | 15125 | 6.7 | 7.9 | 6.5 | 6.6 |
| Wholesale | 5794 | 6253 | 6604 | 6989 | 5.1 | 7.9 | 5.6 | 5.8 |
| Retail | 6549 | 7069 | 7589 | 8136 | 8.2 | 7.9 | 7.4 | 7.2 |
| 7. Finance, Ins. & Real Estate | 4169 | 4724 | 5085 | 5555 | 18.1 | 13.3 | 7.6 | 9.2 |
| 8. Services | 12145 | 13387 | 14696 | 16011 | 13.5 | 10.2 | 9.8 | 8.9 |
| 9. Other Industries | 271 | 279 | 295 | 317 | 14.2 | 3.0 | 5.7 | 7.5 |
| 10. Government | 10534 | 11263 | 11970 | 12762 | 6.5 | 6.9 | 6.3 | 6.6 |
| Federal Civilian | 2485 | 2564 | 2702 | 2850 | -0.1 | 3.2 | 5.4 | 5.5 |
| Federal Military | 1479 | 1498 | 1597 | 1729 | 4.5 | 1.3 | 6.6 | 8.3 |
| State & Local | 6590 | 7201 | 7671 | 8183 | 9.7 | 9.6 | 6.5 | 6.7 |
| Plus: | | | | | | | | |
| Property Income | 11158 | 11630 | 12016 | 12945 | 8.0 | 4.2 | 3.3 | 7.7 |
| State U.I. Benefits | 227 | 267 | 314 | 365 | 7.5 | 17.6 | 17.6 | 16.2 |
| Other Transfers | 10338 | 10943 | 11632 | 12284 | 5.3 | 5.9 | 6.3 | 5.6 |
| Residence Adjustment | -238 | -252 | -260 | -273 | 22.4 | 5.9 | 3.2 | 5.0 |
| Less: Social Ins. Contributions | 3630 | 3904 | 4373 | 4761 | 10.2 | 7.5 | 12.0 | 8.9 |
| Equals: Total Personal Income | 82078 | 87530 | 92442 | 99047 | 8.7 | 6.6 | 5.6 | 7.1 |
| Nonfarm Personal Income | 80908 | 86165 | 91253 | 97704 | 8.6 | 6.5 | 5.9 | 7.1 |
| % of U.S. Nonfarm | 2.29 | 2.32 | 2.32 | 2.34 | --- | --- | --- | --- |
| Population | 6104 | 6220 | 6335 | 6444 | 2.16 | 1.89 | 1.85 | 1.72 |

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Table 3 Atlanta MSA Wage and Salary Employment for 1986 with Forecasts through 1989
(Thousands)

| Industry | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| 1. Mining | 1.5 | 1.8 | 1.9 | 1.9 | 20.8 | 16.5 | 5.6 | 0.0 |
| 2. Contract Construction | 78.4 | 79.0 | 73.7 | 73.6 | 9.5 | 0.8 | -7.1 | -0.1 |
| 3. Manufacturing | 192.2 | 192.4 | 194.4 | 193.6 | 3.6 | 0.1 | 1.0 | -0.4 |
| Durables | 100.6 | 99.9 | 100.7 | 98.1 | 3.3 | -0.7 | 0.8 | -2.6 |
| Lumber | 5.1 | 5.2 | 5.2 | 5.3 | 4.1 | 2.0 | 0.0 | 1.9 |
| Furniture | 4.5 | 4.5 | 4.4 | 4.6 | -4.3 | 0.0 | -2.2 | 4.5 |
| Stone, Clay, Glass | 10.2 | 10.3 | 9.9 | 10.0 | 7.4 | 1.1 | -3.9 | 1.0 |
| Primary Metals | 6.6 | 6.6 | 6.4 | 6.6 | -4.3 | 0.0 | -3.0 | 3.1 |
| Fabricated Metals | 9.2 | 8.9 | 8.9 | 9.1 | -1.1 | -3.3 | 0.0 | 2.2 |
| Nonelectrical Machinery | 11.0 | 11.5 | 11.7 | 11.8 | 4.8 | 3.9 | 1.7 | 0.9 |
| Electrical Machinery | 15.5 | 15.3 | 15.8 | 16.2 | 9.2 | -1.1 | 3.3 | 2.5 |
| Transportation Equipment | 32.9 | 32.0 | 32.6 | 28.4 | 3.5 | -2.7 | 1.9 | -12.9 |
| Other Durables | 5.7 | 5.6 | 5.8 | 6.1 | 0.0 | -1.8 | 3.6 | 5.2 |
| Nondurables | 91.6 | 92.5 | 93.7 | 95.5 | 3.9 | 1.0 | 1.3 | 1.9 |
| Food | 21.9 | 21.9 | 22.3 | 22.8 | 6.3 | 0.0 | 1.8 | 2.2 |
| Textiles | 7.2 | 7.6 | 7.7 | 7.8 | -4.0 | 5.6 | 1.3 | 1.3 |
| Apparel | 12.4 | 11.7 | 11.3 | 11.5 | -2.4 | -5.6 | -3.4 | 1.8 |
| Paper | 8.9 | 9.4 | 9.7 | 10.0 | 3.5 | 5.6 | 3.2 | 3.1 |
| Printing | 23.3 | 23.9 | 24.3 | 24.6 | 8.4 | 2.6 | 1.7 | 1.2 |
| Chemicals | 9.6 | 9.7 | 9.9 | 10.1 | 1.1 | 1.0 | 2.1 | 2.0 |
| Other Nondurables | 8.2 | 8.3 | 8.5 | 8.7 | 6.5 | 1.2 | 2.4 | 2.4 |
| 4. Transportation, Comm. & Utilities | 108.4 | 111.6 | 114.5 | 117.2 | 3.4 | 2.8 | 2.6 | 2.4 |
| 5. Trade | 368.0 | 387.8 | 397.9 | 408.4 | 4.9 | 5.4 | 2.6 | 2.6 |
| Wholesale | 129.3 | 134.5 | 135.7 | 137.3 | 3.1 | 4.1 | 0.9 | 1.2 |
| Retail | 238.7 | 253.3 | 262.2 | 271.1 | 5.9 | 6.1 | 3.5 | 3.4 |
| 6. Finance, Ins. and Real Estate | 94.4 | 97.6 | 100.5 | 104.6 | 6.2 | 3.4 | 3.0 | 4.1 |
| 7. Services | 304.6 | 324.3 | 342.6 | 361.7 | 8.1 | 6.5 | 5.6 | 5.6 |
| 8. Government | 183.5 | 189.2 | 194.6 | 199.0 | 3.1 | 3.1 | 2.9 | 2.3 |
| Federal | 39.4 | 41.3 | 42.6 | 43.1 | 2.9 | 4.8 | 3.1 | 1.2 |
| State | 36.4 | 37.2 | 38.1 | 38.8 | 2.5 | 2.2 | 2.4 | 1.8 |
| Local | 107.7 | 110.7 | 113.9 | 117.1 | 3.4 | 2.8 | 2.9 | 2.8 |
| Total Wage & Salary Employment | 1331.0 | 1383.7 | 1420.1 | 1460.0 | 5.4 | 4.0 | 2.6 | 2.8 |
| Unemployment Rate | 4.5 | 4.4 | 4.7 | 5.0 | -10.0 | -2.2 | 6.8 | 6.4 |

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Table 4 Atlanta MSA Personal Income for 1986 with Forecasts through 1989
(Millions of Dollars)

| | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Wage & Salary Income | 29331 | 31750 | 34113 | 36820 | 10.7 | 8.2 | 7.4 | 7.9 |
| 2. Other Labor Income | 2966 | 3174 | 3403 | 3651 | 9.1 | 7.0 | 7.2 | 7.3 |
| 3. Proprietors' Income | 2048 | 2232 | 2344 | 2504 | 14.6 | 9.0 | 5.0 | 6.8 |
| Farm | 96 | 105 | 81 | 93 | 10.3 | 9.4 | -22.9 | 14.8 |
| Nonfarm | 1952 | 2127 | 2263 | 2411 | 14.2 | 9.0 | 6.4 | 6.5 |
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Farm | 113 | 124 | 102 | 116 | 9.7 | 9.7 | -19.7 | 13.7 |
| 2. Contract Construction | 2111 | 2030 | 1948 | 2075 | 15.5 | -4.0 | -4.2 | 6.5 |
| 3. Manufacturing | 5441 | 5608 | 5929 | 6201 | 10.1 | 3.1 | 5.7 | 4.6 |
| Durables | 3188 | 3236 | 3408 | 3490 | 10.1 | 1.5 | 5.3 | 2.4 |
| Nondurables | 2253 | 2372 | 2521 | 2711 | 10.1 | 5.3 | 6.3 | 7.5 |
| 4. Transportation & Utilities | 4117 | 4529 | 4878 | 5268 | 7.7 | 10.0 | 7.7 | 8.0 |
| 5. Trade | 7929 | 8655 | 9253 | 9900 | 8.1 | 9.2 | 6.9 | 7.0 |
| Wholesale | 4472 | 4866 | 5153 | 5472 | 7.3 | 8.8 | 5.9 | 6.2 |
| Retail | 3457 | 3789 | 4100 | 4428 | 9.1 | 9.6 | 8.2 | 8.0 |
| 6. Finance, Ins. & Real Estate | 3091 | 3502 | 3785 | 4139 | 18.1 | 13.3 | 8.1 | 9.3 |
| 7. Services | 7196 | 7987 | 8890 | 9841 | 13.8 | 11.0 | 11.3 | 10.7 |
| 8. Other Industries | 166 | 175 | 184 | 197 | 12.1 | 5.2 | 5.6 | 6.8 |
| 9. Government | 4181 | 4546 | 4891 | 5238 | 7.8 | 8.7 | 7.6 | 7.1 |
| Federal Civilian | 1127 | 1198 | 1287 | 1355 | 1.9 | 6.3 | 7.4 | 5.3 |
| Federal Military | 232 | 233 | 243 | 256 | 4.0 | 0.6 | 4.2 | 5.3 |
| State & Local | 2822 | 3115 | 3361 | 3627 | 10.7 | 10.4 | 7.9 | 7.9 |
| Plus: | | | | | | | | |
| Property Income | 5781 | 6047 | 6271 | 6785 | 8.3 | 4.6 | 3.7 | 8.2 |
| Transfer Payments | 3398 | 3640 | 3913 | 4175 | 5.9 | 7.1 | 7.5 | 6.7 |
| Residence Adjustment | -1243 | -1276 | -1302 | -1315 | 5.2 | 2.7 | 2.0 | 1.0 |
| Less: Social Ins. Contributions | 2173 | 2366 | 2671 | 2923 | 8.6 | 8.9 | 12.9 | 9.4 |
| Equals: Total Personal Income | 40108 | 43201 | 46071 | 49697 | 10.3 | 7.7 | 6.6 | 7.9 |
| Nonfarm Personal Income | 39995 | 43077 | 45969 | 49581 | 10.3 | 7.7 | 6.7 | 7.9 |
| % of Georgia Nonfarm | 49.43 | 49.99 | 50.38 | 50.75 | --- | --- | --- | --- |
| Population (#,Thousands) | 2561 | 2645 | 2721 | 2787 | 3.60 | 3.28 | 2.87 | 2.44 |

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Table 5

## Seasonally Adjusted Nonagricultural Employment
(Thousands)

| | Georgia | | | | | | Atlanta | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 86-3 | 86-4 | 87-1 | 87-2(r) | 87-3(p) | Sept(p) | 86-3 | 86-4 | 87-1(r) | 87-2(r) | 87-3(p) | Sept(p) |
| Total | 2684.8 | 2717.9 | 2757.8 | 2746.8 | 2748.0 | 2745.6 | 1334.6 | 1360.9 | 1387.6 | 1384.6 | 1376.6 | 1375.8 |
| Mining | 8.6 | 8.8 | 8.9 | 8.8 | 8.8 | 8.8 | 1.6 | 1.7 | 1.7 | 1.8 | 1.7 | 1.8 |
| Contract Construction | 157.2 | 162.1 | 164.5 | 155.5 | 154.2 | 153.2 | 78.5 | 83.7 | 85.6 | 79.0 | 76.7 | 75.2 |
| Manufacturing | 562.1 | 564.9 | 568.2 | 569.0 | 569.3 | 566.8 | 191.4 | 192.5 | 192.2 | 192.9 | 191.7 | 191.2 |
| Durables | 219.7 | 221.8 | 222.8 | 223.4 | 222.9 | 222.1 | 99.3 | 100.1 | 99.7 | 100.5 | 99.2 | 99.1 |
| Lumber | 34.2 | 34.9 | 35.0 | 34.5 | 34.5 | 34.3 | 5.1 | 5.3 | 5.3 | 5.1 | 5.2 | 5.2 |
| Furniture | 11.7 | 11.7 | 11.9 | 11.7 | 11.8 | 11.8 | 4.5 | 4.5 | 4.5 | 4.4 | 4.5 | 4.5 |
| Stone, Clay, Glass | 20.9 | 20.9 | 21.1 | 20.9 | 20.4 | 20.1 | 10.2 | 10.2 | 10.6 | 10.5 | 10.2 | 10.0 |
| Primary Metals | 15.4 | 15.2 | 15.4 | 15.4 | 15.0 | 15.1 | 6.7 | 6.7 | 6.7 | 6.7 | 6.4 | 6.5 |
| Fabricated Metals | 20.4 | 20.5 | 20.6 | 20.7 | 20.5 | 20.4 | 9.1 | 8.9 | 8.9 | 9.0 | 8.8 | 8.9 |
| Nonelectrical Machinery | 25.8 | 25.9 | 26.3 | 26.8 | 27.0 | 26.9 | 10.9 | 10.9 | 11.2 | 11.5 | 11.6 | 11.5 |
| Electrical Machinery | 29.2 | 29.0 | 29.7 | 29.7 | 29.7 | 29.7 | 15.3 | 15.1 | 15.2 | 15.5 | 15.4 | 15.3 |
| Transportation Equipment | 50.0 | 51.3 | 50.2 | 51.0 | 51.4 | 51.2 | 31.9 | 33.0 | 31.7 | 32.3 | 31.8 | 31.6 |
| Other Durables | 12.1 | 12.4 | 12.7 | 12.7 | 12.7 | 12.6 | 5.7 | 5.7 | 5.6 | 5.5 | 5.5 | 5.7 |
| Nondurables | 342.4 | 343.1 | 345.4 | 345.6 | 346.4 | 344.7 | 92.1 | 92.4 | 92.5 | 92.3 | 92.5 | 92.2 |
| Food | 60.8 | 61.0 | 61.4 | 60.5 | 61.0 | 60.4 | 22.0 | 21.9 | 21.7 | 21.8 | 22.0 | 21.8 |
| Textiles | 103.7 | 104.1 | 105.3 | 106.4 | 108.0 | 107.4 | 7.4 | 7.5 | 7.7 | 7.5 | 7.7 | 7.6 |
| Apparel | 69.4 | 69.1 | 69.8 | 69.5 | 68.6 | 68.0 | 12.3 | 12.1 | 12.0 | 11.8 | 11.5 | 11.3 |
| Paper | 30.9 | 31.2 | 31.3 | 31.0 | 30.4 | 30.8 | 9.0 | 9.1 | 9.3 | 9.4 | 9.5 | 9.5 |
| Printing | 36.7 | 37.2 | 37.2 | 37.4 | 37.7 | 37.6 | 23.4 | 23.7 | 23.8 | 23.9 | 24.0 | 23.9 |
| Chemicals | 19.3 | 19.0 | 18.7 | 18.5 | 18.7 | 18.7 | 9.7 | 9.9 | 9.8 | 9.6 | 9.7 | 9.8 |
| Leather | 1.4 | 1.3 | 1.2 | 1.3 | 1.3 | 1.3 | --- | --- | --- | --- | --- | --- |
| Other Nondurables | 20.2 | 20.3 | 20.6 | 21.0 | 20.8 | 20.5 | 8.3 | 8.3 | 8.3 | 8.4 | 8.3 | 8.2 |
| Transportation, Comm. & Util. | 166.8 | 167.3 | 169.0 | 170.0 | 170.0 | 171.3 | 109.1 | 109.5 | 110.2 | 111.4 | 111.9 | 112.3 |
| Trade | 674.6 | 684.4 | 700.3 | 695.8 | 695.0 | 694.3 | 370.5 | 377.7 | 388.0 | 388.1 | 386.7 | 386.0 |
| Wholesale | 196.6 | 203.1 | 205.4 | 204.5 | 201.8 | 201.5 | 130.0 | 132.6 | 135.8 | 135.6 | 133.5 | 133.3 |
| Retail | 478.0 | 481.3 | 495.0 | 491.3 | 493.2 | 492.8 | 240.5 | 245.1 | 252.2 | 252.5 | 253.2 | 252.7 |
| Finance, Ins. & Real Estate | 146.8 | 149.1 | 150.7 | 149.5 | 149.9 | 150.0 | 95.2 | 96.6 | 97.7 | 97.4 | 97.6 | 97.7 |
| Services | 508.6 | 523.4 | 532.7 | 533.1 | 531.4 | 533.3 | 307.5 | 315.3 | 323.2 | 323.5 | 323.2 | 323.3 |
| Government | 460.0 | 458.0 | 463.4 | 465.2 | 469.7 | 467.9 | 180.8 | 183.9 | 189.0 | 190.4 | 187.1 | 188.4 |
| Federal | 95.2 | 96.1 | 97.1 | 97.2 | 97.9 | 98.3 | 39.1 | 39.6 | 40.2 | 41.2 | 41.7 | 42.1 |
| State and Local | 364.8 | 361.8 | 366.3 | 368.0 | 371.7 | 369.6 | 141.7 | 144.3 | 148.8 | 149.2 | 145.4 | 146.3 |
| State | 106.5 | 107.3 | 109.0 | 107.8 | 108.5 | 107.6 | 36.1 | 36.4 | 37.2 | 37.6 | 36.9 | 35.2 |
| Local | 258.3 | 254.5 | 257.3 | 260.2 | 263.3 | 262.0 | 105.6 | 107.9 | 111.6 | 111.6 | 108.5 | 111.1 |

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Table 6 Metro Atlanta Housing Permits for 1985 through 1986 with Forecasts through 1989

| | 1985 | | 1986 | | 1987 | | 1988 | | 1989 | |
|---|---|---|---|---|---|---|---|---|---|---|
| County | single | multi | single | multi | single | multi | single | multi | single | multi |
| Butts | 66 | 4 | 64 | 0 | 95 | 0 | 120 | 0 | 135 | 0 |
| Cherokee | 1632 | 155 | 2450 | 265 | 1605 | 30 | 1430 | 50 | 1660 | 65 |
| Clayton | 1408 | 1424 | 1559 | 1832 | 1330 | 1200 | 1300 | 900 | 1380 | 750 |
| Cobb | 5713 | 3003 | 5875 | 3922 | 4850 | 3150 | 4460 | 2760 | 4920 | 2520 |
| DeKalb | 2686 | 4302 | 3265 | 3647 | 2730 | 2830 | 2580 | 2050 | 2830 | 1960 |
| Douglas | 702 | 189 | 779 | 242 | 820 | 0 | 970 | 80 | 1140 | 360 |
| Fayette | 692 | 0 | 822 | 15 | 980 | 0 | 1050 | 0 | 1180 | 20 |
| Forsyth | 718 | 76 | 782 | 88 | 775 | 10 | 810 | 20 | 920 | 50 |
| Fulton | 3048 | 4143 | 3416 | 4259 | 3235 | 2170 | 3040 | 1630 | 3015 | 1650 |
| Gwinnett | 6905 | 4112 | 5728 | 4062 | 5006 | 200 | 4765 | 540 | 4980 | 1130 |
| Henry | 899 | 126 | 1322 | 164 | 1555 | 140 | 1630 | 190 | 1820 | 360 |
| Newton | 311 | 14 | 373 | 62 | 495 | 10 | 630 | 20 | 800 | 40 |
| Paulding | 718 | 0 | 927 | 6 | 1050 | 0 | 1120 | 0 | 1180 | 20 |
| Rockdale | 692 | 120 | 1075 | 283 | 980 | 50 | 920 | 80 | 990 | 120 |
| Walton | 286 | 0 | 343 | 0 | 570 | 0 | 620 | 0 | 700 | 0 |
| Total | 26476 | 17668 | 28780 | 18847 | 26076 | 9790 | 25445 | 8320 | 27650 | 9045 |
| % Change From Previous Year | +22.7 | -8.5 | +8.7 | +6.7 | -9.4 | -48.1 | -2.4 | -15.0 | +8.7 | +8.7 |
| % Change in Total (single + multi) | +7.8 | | +7.9 | | -24.7 | | -5.9 | | +8.7 | |
| Estimated Potential Absorption (000) | 48.0 | | 44.5 | | 42.2 | | 36.9 | | 33.0 | |

NOTE: Condominiums and fee simple town homes are included in the multi-family totals. Counties added in 1985 are in totals for that year but are not included in changes until 1986.

Source: Homebuilders Association of Metro Atlanta

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|---|---|
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## Forecast of Georgia & Atlanta 1988-1989

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February 1988
Dr. Donald Ratajczak, Director

*15th Anniversary*

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Dr. Donald Ratajczak, Director

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# MODERATE GROWTH IN GEORGIA EXPECTED DURING NEXT TWO YEARS

Dr. Donald Ratajczak
Director
Economic Forecasting Center

## Summary

Georgia continued to underperform the national economy during the summer months, as nonfarm personal income grew at an annual rate of less than 6% in Georgia as compared to a gain of nearly 7% nationwide. More sluggish than national growth also appears to be in store for the fourth quarter, as seasonally adjusted payrolls increased 1.7% at annual rates in Georgia while they were growing 3.9% in the nation. In the past twelve months through the summer, however, personal income in Georgia grew 6.4% while only expanding 5.9% in the nation.

This period of relatively sluggish growth in Georgia should soon end as manufacturing activity begins to expand. Of course, construction activity is expected to decline, but the magnitude of weakness appears to be less than originally expected. Employment in the trade sector also is expected to slow significantly while the service economy should grow much more slowly than in past years. A temporary dip in the growth of employment in the financial group appears to be the stock market crash impact on Georgia. Employment gains should slow to only 1.8% in 1988 and 1.9% in 1989.

Nonfarm personal income gains in Georgia should slow to only 5.6% in 1988 from an estimated 6.3% in 1987. A slight rebound to 6.3% in 1989 does not reflect increased economic activity, as higher wage rates associated with increasing inflationary concerns will account for that gain.

The reduced gains in employment opportunities will slow population growth in Georgia from more than 2.1% in 1986 to an estimated 1.9% gain in 1987. By 1989 population gains should slow to only 1.7%.

According to the latest coincident indicators, gross state product in Georgia appears to have advanced 3.6% in 1987. This compares with an increase of 2.9% for the United States. In 1988, gross state product is projected to increase 2.3%, only marginally above the 2.0% projected for the nation. A modest acceleration to an increase of 2.5% in 1989 will compare more favorably with a U.S. estimated gain of only 1.6%. These results must be viewed as sluggish, but not recessionary, over the next two years.

## Recent Conditions

After two quarters of minimal employment gains, payrolls expanded significantly in Georgia during the fourth quarter. Construction rebounded, but some of that might be the result of especially mild winter weather. Construction weakness is anticipated for 1988. The gains in manufacturing are more fundamental. The fastest growth in durable manufacturing is in nonelectrical machinery while food processing, paper, and printing all contributed to significant payroll gains in the nondurable sector. Our preliminary estimates for December show that these employment gains persisted in that month. The transportation sector also spurted following two quarters of minimal growth. On the other hand, retail activity expanded less than seasonally anticipated, leading to seasonally adjusted declines in trade employment. Christmas sales were as much a struggle in Georgia as they were nationwide. Following two quarters of minimal growth, the service sector rebounded during the fourth quarter. Growth in health services was especially sharp. Government payrolls apparently stalled, although the decrease in seasonally adjusted employment gains at the local level may suggest more difficulties with attracting qualified education personnel than a reduction in basic demand for local governmental services. Seasonally adjusted payrolls in Georgia are expanding only 1.7% at annual rates in the fourth quarter as compared to a 3.9% rate for the U.S. Thus, Georgia personal income should trail U.S. performances for the third consecutive quarter when that data becomes available.

Not only did nonfarm personal income grow more slowly in Georgia than in the nation, but farm income also slowed significantly. Unusually favorable pricing for poultry product disappeared in the summer months and remains absent as the new year begins. Indeed, farm income may continue to grow more slowly than in the nation through much of 1988, although prices of row crops could improve. Farm land prices are beginning to stabilize following seven years of declining values. Because property income increased more sharply in Georgia than nationwide (3.1% versus 2.4%), the earnings discrepancy was even larger than the personal income discrepancies. Despite weakness in earnings, however, state unemployment benefits actually declined more significantly in Georgia than in the nation during the summer months.

Earnings declined for agricultural services and fisheries, construction, and wholesale trade. For the nation as a whole, only the agricultural and fisheries group showed an earnings drop. Surprisingly, durable goods earnings grew more rapidly in Georgia than nationwide (2.3% versus 1.0%) while nondurable goods showed slower earnings growth in Georgia (0.7% versus 1.5%). Federal government earnings grew more sharply in Georgia than nationwide, (1.4% versus 0.5%) while state and local earnings also expanded more sharply than in the nation (2.4% versus 1.9%). A slowing in services clearly was evident in Georgia, while service earnings nationwide accelerated during the summer months.

In December, payrolls continued to expand for construction as a result of mild weather. This pattern almost certainly was reversed early in 1988. Strong gains also continued to be recorded for manufacturing although the increase in payrolls for transportation equipment have since been reversed as a result of an indefinite suspension of production at the Lakewood auto assembly plant. However, the rebound in textiles and apparel appear to be more permanent, even if carpeting is expected to weaken in 1988. Renewed growth in the service sector also bodes well for employment growth in Georgia in the early part of 1988.

Georgia's coincident indictors grew solidly during the fourth quarter. Indeed, the gains are consistent with an increase in gross state product of 3.3%. However, this is nearly a percentage point behind the 4.2% gain in GNP nationwide. All indicator sectors showed some strength as the year ended. Especially noteworthy was a significant rebound in corporate tax accruals. This suggests that the corporate sector may be capable of increasing hirings early in the new year. The insured unemployment rate continued to trend downward, indicating strength in Georgia's labor markets as the year ended. Strong growth in the index of hours worked suggests that payroll expansion already was progressing. Indeed, the hours input measure increased at an annual rate of 3.1%. This suggests that productivity gains in the Georgia economy were minimal. Of course, productivity nationwide declined by 0.2% during the quarter. All the coincident indicators showed sizable increases in December, leading to an especially robust 1% gain in measured economic activity in Georgia in that month.

Although the leading indicators generally performed better than the coincident indicators in the fall, a sharp decline in those leading indicators during December clouds economic prospects for the next few months. In general, the leading indicators have been accurate in predicting conditions in the Georgia economy three to six months ahead. Only a modest increase in the manufacturing workweek and some growth in total state revenue contributed positively to the leading indicators. On the reverse side, initial unemployment claims began rising, as they did nationwide. Also, sharp declines in housing permits, nonresidential contracts, and sales tax receipts suggest that the same weakness in construction and consumer spending is developing in Georgia that is becoming readily apparent nationwide. While the year-over-year gains in the leading indicators increased relative to the coincident indicators, usually suggesting significant acceleration in economic activity ahead, sharp weakness in the leaders during December gives pause to any such favorable projections. Apparently, the same crosscurrents that are stimulating some areas of the national economy and weakening others appear to be operational in Georgia at the present time.

Toward the end of 1987, sales in the South Atlantic states continued to show significant improvement over the nation. Sales were up 5.6% in the region as opposed to only 3.9% for the nation. Sales continued to show dramatic weakness in the Atlanta area, with a decline of 7.4%. Department store sales in Atlanta continued to show a gain of slightly more than 7% from the previous year. This compared favorably with only a 5.8% gain in department stores in the nation. Taxable sales showed a noteworthy increase, rebounding 9.7% from the previous year. Adjusted for service purchases, this suggests that total consumer activity grew nearly 7%. This is approximately the magnitude of growth in disposable income, suggesting that savings rates in Georgia probably fell slightly from a year ago. Of course, the savings rate nationwide reached an unusually low 2.8% in the comparable quarter.

In the past year, the unemployment rate nationwide has fallen by nearly a percentage point. In Georgia, by contrast, the unemployment rate fell only 0.3 percentage points and is now at the same rate as in the nation. The unemployment declines that occurred appear to be related to a slowing in the growth of the Georgia civilian labor force. This is consistent with estimates of a slowing in population flows. Atlanta shows the lowest unemployment rate of all metropolitan areas at 4.4%. But this is no change from the previous year. Unemployment in Athens is at 4.6%, down from 5.1% a year ago as a result of reasonable gains in employment and relatively slow labor force growth. In Macon, the unemployment rate improved by 0.5 percentage points over the year to 5.1%. Much of this was the result of virtually no growth in the labor force while the household measure of employment expanded about 1%. Employment growth was more significant in Augusta, where the unemployment rate has fallen by 0.7 percentage points to 5.4%. By contrast, employment in Savannah has actually declined over the past year as measured by household surveys. However, even a greater decline in the labor force resulted in a very modest drop in the unemployment rate to 6.0%. The unemployment rate in Columbus has actually increased over the year by 0.2 percentage points as labor force growth increased more rapidly than the moderate gains in employment opportunities. A combination of moderate employment gains and significant labor force declines helped Albany to improve its unemployment rate by nearly 2 percentage points. According to these household estimates of employment in Georgia, employment gains have now slowed to less than 20,000. In contrast, payroll employment still shows almost a 38,000 gain from the previous year.

Nationwide, the insured unemployment rate has increased slightly to 2.3% in recent weeks. In comparison, the insured unemployment rate has been trending downward in Georgia and Atlanta. The Georgia unemployment rate is now slightly below 1.3% while the Atlanta rate has fallen below 1%. This level of insured unemployment indicates that full employment of the experienced work force apparently has been achieved in the Atlanta metropolitan area. Relatively tight labor markets also appear to exist statewide. As a result, further increases in economic activity would lead to increasing wage pressures in Georgia relative to the nation as a whole.

Although interest rates have fallen significantly since the stock market crash, the effective mortgage rates for loans closed only now are beginning to decline. Nationwide, the effective rate in December was 9.25%, down 0.42 percentage points from the previous year. In Atlanta, the effective rate was 8.87%, a 0.62 percentage point improvement from the previous year. The average home financed nationwide costs $122,400, up $4000 from the previous year. The purchase price of financed homes in Atlanta average $138,600, an increase of $24,900 from the previous year. A modest weakening in home prices in Atlanta may develop in the weeks ahead. However, mortgage rates are continuing to come down nationwide. Mortgage rates near 8.5% may be available in the Atlanta market this spring. However, rates are then expected to rise toward 10% by the end of this year and remain near the 10% level through 1989.

Revenue collections in Georgia continue to be surprisingly strong in comparison to other economic indicators for the state. Some of the gains are in individual income and may reflect unusually heavy estimated tax payments to prepay Georgia taxes at higher federal marginal tax rates. Even so, the 12.3% year-over-year gain in the fall now indicates that revenues are 10.7% above the previous year for the first six months. This gain compares with year-over-year gains of 9.1%, 6.9%, 10.0%, and 6.4% in previous quarters. Revenue gains in December slowed slightly to only 9.3% as a result of weakness in sales tax collections. Because of this significant increase in contributions early in the fiscal year, revenues should grow about 8.3%, rather than the 7.5% originally anticipated. In the fiscal year following that, with inflation remaining only slightly above 4% and employment growing slightly less than 2%, revenue growth should be about 7.5%. It is clear, however, that the state should have no difficulties meeting its budgetary needs during the next two years.

During the fourth quarter, sales tax collections grew more slowly in Georgia than for all state and local governments. Georgia collections were up only 5.9% as compared to increases of 9.7%, 5.1%, 5.4%, 2.5%, and 3.0% in previous quarters. All other state and local governments saw their sales tax collections grow 6.0% following increases of 7.2%, 7.6%, 8.5%, 7.6%, and 7.6%. The surge in Georgia's personal income tax collections was not comparable to performances for all state and local governments. In Georgia, tax collections for personal income were up 15.5% in the fourth quarter. This compared with gains of 11.0%, 9.6%, 12.2%, 8.0%, and 8.9% in previous quarters. All state and local governments showed a surprisingly weak increase of only 4.1%. In previous quarters, tax collections were up 6.7%, 13.1%, 5.8%, 6.9%, and 6.7%. The one exceptional quarter reflected one-time capital gains as a result of the tax reform act. No such surge in capital gains collections was apparent in Georgia. Despite modest evidence of greater efficiency in Georgia corporations, Georgia corporate tax collections increased only 5.7% in the quarter. This compares with gains of 4.9%, 2.9%, 26.3%, 21.2%, and 7.5% in previous quarters. By contrast, corporate tax collections apparently were up an estimated 20.5% nationwide. This compares with a gain of 30.3% in the previous quarter following a 9.5% decline in the quarter prior to that. In earlier quarters, gains were 28.5%, 14.6%, and 5.8%. A significant slowing in revenue gains should be anticipated for the second six months of the current fiscal year.

## Summary of Outlook

Although seasonally adjusted employment rebounded in the fourth quarter, comparisons with the nation continue to show a Georgia economy that is growing at a reduced relative rate. Revenue gains may suggest otherwise, but most of the increase in revenues appear to be associated with unusually rapid personal income tax collections that are not being reflected in increased sales activity or increased profitably. Thus, the revenue gains may be the result of prepayments of Georgia taxes to gain deductibility at higher marginal tax rates.

The Georgia economy appears to have many of the characteristics of the economy nationwide. Construction and retail activity are slowing significantly according to components of the leading indicators. On the other hand, manufacturing appears to be rebounding nicely. Gains are especially significant in the nonelectrical machinery area. Moreover, the service economy is again showing increased strength following a summer of lackadaisical gains.

Although a deep slump in construction is not anticipated, as housing probably will stabilize in the second half of 1988 and increase slightly in 1989, some weakening definitely should appear. A temporary slowing in both real estate and financial services also is anticipated. In addition, wholesale trade should grow much more slowly in the next two years than it did in 1987. Some slowing also is expected in retail trade. While the projected 2.1% employment gains in that sector for 1988 are appropriate for anticipated increases in sales volumes, previous excess employment leaves Georgia with a slight glut of retail capacity. The slowing in transportation services appears to be the result of continuing turmoil in the trucking industry. However, the rebound in manufacturing activity should provide sufficient transportation outlets to quickly shore up that sector of the overall economy. Moderate growth is anticipated in government payrolls, although early indications show a slight spurt in state payrolls. While this increase in employment at a time when economic activity is slowing will tend to stabilize conditions in the state, increased spending could begin straining budgets if revenue growth subsides, as anticipated.

Because of weakness in construction, the construction-related industries are expected to soften in 1988. In addition, some employment slack is expected in the metals industries, although declines here should not be substantial. Electrical machinery also is performing worse than had been anticipated. On the other hand, nonelectrical machinery is rebounding stronger than previously expected. If problems with auto assembly plant inventories and Lockheed-Georgia's difficulty in finding new products can be overcome, manufacturing in Georgia could perform well in the next two years. Unfortunately, our current outlook suggests that inventory problems will persist in the automobile industry and that Lockheed-Georgia will not be able to fully re-employ the more than 8000 workers who are facing layoffs as the C-5B program comes to an end.

Fortunately, strength is beginning to develop in all the nondurable sectors. The carpet industry may be buffeted by reduced demand for its products over the next two years, as the automobile, office, and apartment markets all correct for previous excesses. In 1987, manufacturing shipments were up nearly 8% while retail sales were flat. While reduced imports may account for a portion of this discrepancy, import activity in the carpet industry does not exceed 8%. This suggests that a slight inventory overhang probably is facing that important Georgia industry at the present time. Excluding that area, however, textile activity is expected to advance. Other textiles are becoming competitive with foreign suppliers while the paper industry is booming, not only in Georgia, but throughout the country. The strength in printing also belies concerns about a looming recession. The slump in chemicals that accompanied some restructuring by a major chemical company with plants along the Georgia coast appears to have been completed. Therefore, reasonable, if not spectacular growth in nondurables is anticipated over the next two years.

Because of the slowing in construction, trade, and financial services, employment gains in Georgia are expected to slow to only 50,800 in 1988. A slight rebound to 53,500 is expected in 1989. These gains will not be sufficient to prevent the unemployment rate from rising. However, unemployment should rise only modestly over the next two years, as the absence of job opportunities slows population flows into the state.

Most of the reductions in employment gains are reflected in the slower growth of personal income. Income already has been sluggish in construction and is expected to also show declines in farming in 1988 as the poultry industry struggles through a year of excess capacity. Because of tax reductions associated with the tax reform act of 1986, disposable income will be growing faster than nonfarm personal income in 1988. With inflation for retail goods running about 3.5% in that year, this provides real spending gains of about 2.5%. Thus, the 2.1% growth in retail employment provides for some tightening of the especially excessive retail market at the present time. Real disposable income also will be growing about 2.5% in 1989. Especially noteworthy in the personal income projections is significant slowing in the growth of service earnings without any acceleration in manufacturing earnings. Weakness in the national economy will prevent the extensive overtime work that leads to dramatic earnings in manufacturing and construction sectors. Higher unemployment will lead to an increase in unemployment insurance benefits being distributed to Georgians.

The Georgia economy is showing the same crosscurrents that currently prevail nationwide. The consumer clearly is retrenching, causing much lower growth in consumer-related employment opportunities. In addition, construction is continuing a relatively substantial correction. However, improved manufacturing opportunities because of increased competitiveness against foreign producers insures that manufacturing opportunities will expand. A few Georgia industries will have some employment problems in the next two years, especially in the transportation equipment area. However, some of this will be offset by substantial strength, especially in paper and printing. While the net results of these crosscurrents is a slower rate of growth in the Georgia economy than in recent years, there are no signs that a recession is looming in Georgia at the present time.

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## ATLANTA SLOWS FROM BOOM TO MODEST GROWTH

### Recent Conditions and Outlook

Employment opportunities still exist in Atlanta, but the rate of employment growth has slowed sharply. According to our seasonally adjusted payroll estimates, employment gains in Atlanta during the fourth quarter were at an annual rate of 2.3%. This is stronger than in the remainder of Georgia, but trails the United States. Again, favorable weather may have been a factor in pumping up construction activity. According to some employment estimates used at GSU, current construction employment levels are justified for employment gains of 3% per year. In the past five years, of course, employment gains have greatly exceeded that. However, our projections show slower employment gains than that level in the next few years. As a result, a significant contraction in construction will be required. Favorable weather has stalled the contraction in the fourth quarter and has even generated a significant surge in housing sales in December. This surge, however, cannot persist with the current employment projections.

In addition to a weather-related rebound in construction, the rebound in payrolls largely reflected a spurt in the transportation and service economies. In addition, federal and local government payrolls expanded sharply. The gains in government payrolls will not persist. Federal budget restraints should slow the expansion of federal employees in Atlanta over the next two years. Similarly, the rebound in local government appears to be merely a seasonal burst following weaker than normal employment of education personnel during the summer months. In short, Atlanta's payroll figures overstate the degree of employment rebound during the fall.

Although manufacturing is not very important in the Atlanta economy, transportation equipment is an important component of what manufacturing exists. With the Lakewood assembly plant on indefinite layoff and the employees of Lockheed-Georgia facing uncertainty as the C-5B project comes to an end, substantial declines in payrolls of durable manufacturers can be expected by the end of 1988 and early in 1989. This will be partially offset by payroll growth for nondurables. Except for the apparel industry, all nondurables in the metro area appear to be expanding significantly. Especially rigorous growth is developing for the paper, printing, and food processing areas. Also, nonelectrical machinery appears to be expanding sharply in the durable component. These sectors are expected to expand further, but they are only expected to offset weakness in transportation equipment.

Slowing in the financial and real estate sector appears to be sharper in Atlanta than for the state as a whole. This is not surprising, as consolidation of brokerage activities would more significantly impact the Atlanta area. On the other hand, rapid growth in federal government payrolls cannot be sustained. Even with projections of slightly faster payroll gains for state and local governments, some slowing should be expected in the overall government sector.

More square footage of new leases were signed in 1987 than any year in the history of Atlanta. However, a significant portion of that leased space has not been occupied. Moreover, substantial amounts of space are being released as legal and other companies relocate from their present facilities.

According to a study by Cushman & Wakefield, absorption in 1987 was not quite at their estimated record 4.5 million-square-feet for 1985. Thus, leasing slowed significantly during the second half of the year. However, they estimate that more than 6 million-square-feet of office space continues to be under construction. With a three-year inventory already available and with construction exceeding 1.3 years of absorption, overbuilding in the Atlanta office market is expected to persist for the next few years. However, most of the overbuilding appears to be in the I-75, I-285 area and along the I-400 corridor. The Buckhead area has announced facilities that clearly would lead to dramatic excess capacity, but many of these facilities have not yet broken ground. Rapid growth in Midtown will also add significantly to capacity in that area, as many of the tenants from the central business district are encouraged to migrate slightly north. Even with the rotation out of some of the downtown facilities, however, downtown vacancy rates remain among the lowest in the area. Of course, Coldwell Banker's measure of Atlanta's office vacancy in the downtown area is only 10.5%. It has hovered at this level throughout 1987. This compares quite favorably with the 16.3% downtown vacant rate recorded nationwide.

Most of the vacancy problems in Atlanta and elsewhere throughout the nation are in suburban areas. While suburban vacancies are beginning to fall nationwide, they still total a surprisingly large 22.8%. In Atlanta, the vacancies continue to trend downward and are now at 18.9%. Because Atlanta's market is not as seriously overbuilt as in other areas, rental rates have not adjusted downward as sharply as in some other cities. At the present time, the $18 rental rate for class-A space and slightly more than $23 for new space is only slightly lower than the national average, though significantly lower than in the Northeast.

Rental rates for industrial space also are close to national norms. While quotes vary widely, warehouse space probably is available at $2.50 per square foot in Atlanta while high-tech multi-use areas charge slightly more than $8 per square foot. The latter is a slight bargain in comparison to national estimates. However, industrial vacancy rates nationwide have been trending downward and now are 5.5%. In Atlanta, they are trending upward and are also at 5.5%. The rate has not moved sharply upward, suggesting that leasing is consistent with current starts at the present time.

The mild weather at year-end apparently stimulated several large apartment projects. In November, 1550 apartment units were permitted as compared to 863 in the previous year. Activity was especially vigorous in Clayton with 500 units, DeKalb with 648 units, and Gwinnett with its only 262 apartment unit permits of the year. Activity was much more modest in December, although Atlanta, Cobb, and Rockdale all had significant apartment projects permitted. Even with this year-end surge in apartment activity, total apartments were down

39% for the year. Single-family activity also had a year-end spurt with November activity actually exceeding previous year efforts in Fulton, DeKalb, Cobb, and Clayton counties. Newton county also had a spurt in activity, although the magnitude of activity remains small there. Fulton continued to show better than year ago gains in December, but activity slowed in DeKalb and Cobb relative to a year ago. Housing sales at the end of the year were surprisingly strong, suggesting that relatively strong single-family activity can be anticipated in 1987. Nevertheless, single-family permits fell below previous year levels by nearly 10% in 1987.

Our estimates of potential absorption of housing units, based upon projections of household formations and housing removal, suggests that current housing activity is removing vacancies from the market. However, significant vacancies developed in 1986 as a result of significant overbuilding relative to potential. Reduced interest rates in 1988 could lead to a stronger housing market than currently projected, as needs still are substantial. For example, the plunge in apartment activity in Gwinnett may have rapidly moved that county toward greater balance in their rental markets. More substantial permit activity could develop than currently projected there. On the other hand, the weakness in employment opportunities in Cobb county unless Lockheed-Georgia replaces their production programs could lead to slightly slower growth in housing activity in that county. Rapid growth currently is developing in the south side with a spurt in housing activity in Clayton and Henry counties. The surge in activity in Henry county is expected to moderate somewhat in the next two years. Some slowing has developed in Cherokee, but the housing market there is expected to gradually rebound as the year progresses.

Overall, it appears that apartment activity is leveling out to slightly more than 10,000 units per year while single-family activity is going to remain on a plateau of nearly 26,000 units. However, the more than 36,000 unit total may be more than the markets can absorb in 1989 if our employment projections are realized. These permit gains should be contrasted with the nearly 50,000 permits that were generated in the peak construction year of 1986.

Taxable sales rebounded in the Atlanta metropolitan area during the third quarter, probably as a result of significant auto purchases. Nevertheless, taxable sales are now more than a percentage point above the statewide averages and are significantly higher than taxable sales gains for the previous year. Most of this surge surprisingly was experienced by Fulton county, where taxable sales spurted to a gain of 14.8% following an anemic 3.8% year-over-year gain in the previous quarter. Double-digit gains also were recorded by Butts (13.3%), Clayton (12.3%), Coweta (13.5%), Fayette (10.9%), Gwinnett (11.9%), Rockdale (11.8%), and Walton (12.9). Several counties experiencing rapid housing formations are not showing commensurate gains in sales. These include Henry, Paulding, Cobb, and DeKalb.

Obviously, the current growth in taxable sales can easily support the nearly 6% expansion in retail employment in the Atlanta metropolitan area. Unfortunately, the third quarter surge in taxable sales cannot be sustained. It appears that disposable income probably increased by less than 5% after adjustment for inflation. The inflation-adjusted taxable sales appear to be up 8% in the third quarter. This strongly suggests that significant slowing in retail activity will occur late this year and early next year.

Although the Atlanta metropolitan area is expected to continue growing faster than the remainder of Georgia, a significant reduction in construction activity appears to be developing. In addition, some manufacturing activities in Atlanta are subject to significant employment weakness over the next two years. Retail activity appears to be largely in balance with current income being generated. In addition, following a minor correction in finance and real estate, employment opportunities will reappear there. The service sector is growing at a reduced rate, but it continues to grow comfortably faster than the nation as a whole. Some slowing is expected in the growth of government payrolls, but the importance of Atlanta as a significant government center continues to grow. Projections of employment gains of only 33,500 in 1988 and 37,400 in 1989 will not be sufficient to absorb the growing labor force. As a result, the unemployment rate is expected to rise slightly. On the other hand, the insured unemployment rate now is below 1%, which generally is considered full employment for the Atlanta metropolitan area. In the absence of a slight increase in the unemployment rate, cost pressures could begin developing in this area that could lead to loss of relative competitiveness. Already, weakness in other metropolitan areas has lowered rental rates on their office facilities to levels commensurate with that commanded in Atlanta. Thus, slowing from a boom to a more modest rate of expansion may be necessary to preserve the significant cost advantages that Atlanta has commanded over other growing metropolitan areas in the past.

On balance, Atlanta appears to be able to move from a boom economy to a more sustainable, if lower rate of growth, without a significant economic correction. Such a rotation in economic activity normally cannot be achieved without some economic contraction. While a recession still is not completely out of the picture for the Atlanta area, especially if manufacturing weakens more than currently projected, current employment projections for the Atlanta area appear to be realistic. While the boom is over, no slump appears to be in the picture except in the overbuilt construction areas.

Georgia State University
College of Business Administration
Economic Forecasting Center
February 1988

Table 1

Georgia Wage & Salary Employment for 1986 and 1987 with Forecasts for 1988 and 1989
(Thousands)

| Industry | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| 1. Mining | 8.4 | 8.8 | 8.9 | 9.0 | 4.4 | 5.1 | 0.6 | 1.1 |
| 2. Construction | 156.1 | 158.3 | 156.3 | 155.2 | 8.6 | 1.4 | -1.3 | -0.7 |
| 3. Manufacturing | 564.6 | 569.6 | 575.8 | 578.1 | 1.3 | 0.9 | 1.1 | 0.4 |
| Durables | 222.1 | 223.1 | 223.7 | 221.4 | 0.9 | 0.5 | 0.3 | -1.0 |
| Lumber | 34.9 | 34.7 | 34.5 | 34.5 | -2.1 | -0.8 | -0.6 | 0.0 |
| Furniture | 11.8 | 11.8 | 11.5 | 11.5 | -0.9 | -0.1 | -2.5 | 0.0 |
| Stone, Clay, Glass | 20.8 | 20.7 | 20.0 | 19.9 | 4.5 | -0.7 | -3.4 | -0.5 |
| Primary Metals | 15.4 | 15.2 | 14.9 | 14.9 | -6.9 | -1.1 | -2.0 | 0.0 |
| Fabricated Metals | 20.6 | 20.5 | 20.4 | 20.5 | -0.3 | -0.5 | -0.5 | 0.5 |
| Nonelectrical Machinery | 26.1 | 27.0 | 28.2 | 29.1 | 0.3 | 3.4 | 4.4 | 3.2 |
| Electrical Machinery | 29.2 | 29.6 | 29.0 | 29.2 | 5.7 | 1.1 | -2.0 | 0.7 |
| Transportation Equipment | 50.9 | 51.1 | 52.2 | 48.3 | 3.7 | 0.3 | 2.2 | -7.5 |
| Other Durables | 12.3 | 12.7 | 13.0 | 13.5 | -2.5 | 3.3 | 2.4 | 3.8 |
| Nondurables | 342.5 | 346.5 | 352.1 | 356.7 | 1.6 | 1.2 | 1.6 | 1.3 |
| Food | 60.6 | 61.2 | 62.3 | 63.0 | 2.1 | 1.0 | 1.8 | 1.1 |
| Textiles | 103.0 | 106.9 | 108.5 | 109.6 | 2.2 | 3.7 | 1.5 | 1.0 |
| Apparel | 69.8 | 69.1 | 69.5 | 70.3 | -0.9 | -0.9 | 0.6 | 1.2 |
| Paper | 31.0 | 31.1 | 31.9 | 32.4 | 2.2 | 0.2 | 2.6 | 1.6 |
| Printing | 36.6 | 37.7 | 39.0 | 39.8 | 7.2 | 3.0 | 3.4 | 2.1 |
| Chemicals | 19.2 | 18.6 | 18.8 | 19.1 | -0.6 | -3.1 | 1.1 | 1.6 |
| Leather | 1.5 | 1.3 | 1.3 | 1.3 | -9.7 | -13.0 | 0.0 | 0.0 |
| Other Nondurables | 20.9 | 20.7 | 20.8 | 21.2 | -1.4 | -1.1 | 0.5 | 1.9 |
| 4. Transportation, Comm. & Utilities | 166.5 | 170.0 | 173.3 | 176.9 | 2.2 | 2.1 | 1.9 | 2.1 |
| 5. Trade | 669.4 | 695.6 | 706.8 | 723.9 | 4.1 | 3.9 | 1.6 | 2.4 |
| Wholesale | 197.1 | 203.7 | 204.5 | 206.3 | 0.9 | 3.3 | 0.4 | 0.9 |
| Retail | 472.3 | 491.9 | 502.3 | 517.6 | 5.5 | 4.1 | 2.1 | 3.0 |
| 6. Finance, Ins. & Real Estate | 145.3 | 150.1 | 152.1 | 155.6 | 6.3 | 3.3 | 1.3 | 2.3 |
| 7. Services | 505.6 | 534.3 | 556.0 | 576.5 | 7.7 | 5.7 | 4.1 | 3.7 |
| 8. Government | 458.6 | 466.5 | 474.7 | 482.2 | 2.2 | 1.7 | 1.8 | 1.6 |
| Federal | 96.0 | 97.7 | 99.5 | 100.8 | 1.9 | 1.8 | 1.8 | 1.3 |
| State | 106.9 | 108.6 | 112.4 | 115.3 | 2.0 | 1.6 | 3.5 | 2.6 |
| Local | 255.7 | 260.1 | 262.8 | 266.1 | 2.4 | 1.7 | 1.0 | 1.3 |
| Total Wage & Salary Employment | 2674.6 | 2753.1 | 2803.9 | 2857.4 | 4.1 | 2.9 | 1.8 | 1.9 |
| Unemployment Rate | 5.9 | 5.3 | 5.7 | 6.1 | -9.2 | -10.2 | 7.5 | 7.0 |

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Table 2

## Georgia Personal Income for 1986 and 1987 with Forecasts for 1988 and 1989
(Millions of Dollars)

| | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Wage & Salary Income | 53047 | 56614 | 60100 | 64047 | 8.8 | 6.7 | 6.2 | 6.6 |
| 2. Other Labor Income | 4913 | 5196 | 5513 | 5860 | 8.3 | 5.8 | 6.1 | 6.3 |
| 3. Proprietors' Income | 6263 | 6782 | 7098 | 7571 | 13.7 | 8.3 | 4.7 | 6.7 |
| Farm | 1022 | 1067 | 1012 | 1132 | 40.7 | 4.4 | -5.2 | 11.9 |
| Nonfarm | 5241 | 5715 | 6086 | 6439 | 12.8 | 9.1 | 6.5 | 5.8 |
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Farm | 1170 | 1217 | 1168 | 1295 | 16.0 | 4.0 | -4.0 | 10.9 |
| 2. Mining | 329 | 371 | 392 | 416 | 9.1 | 12.8 | 5.7 | 6.2 |
| 3. Contract Construction | 4485 | 4293 | 4345 | 4465 | 13.6 | -4.3 | 1.2 | 2.8 |
| 4. Manufacturing | 13017 | 13612 | 14189 | 14799 | 7.2 | 4.6 | 4.2 | 4.3 |
| Durables | 5827 | 6023 | 6208 | 6390 | 6.6 | 3.4 | 3.1 | 2.9 |
| Nondurables | 7190 | 7589 | 7981 | 8409 | 7.7 | 5.5 | 5.2 | 5.4 |
| 5. Transportation & Utilities | 5763 | 6153 | 6586 | 7059 | 6.6 | 6.8 | 7.0 | 7.2 |
| 6. Trade | 12343 | 13109 | 13843 | 14758 | 6.7 | 6.2 | 5.6 | 6.6 |
| Wholesale | 5794 | 6096 | 6395 | 6761 | 4.8 | 5.2 | 4.9 | 5.7 |
| Retail | 6549 | 7013 | 7448 | 7997 | 8.5 | 7.1 | 6.2 | 7.4 |
| 7. Finance, Ins. & Real Estate | 4169 | 4663 | 4985 | 5380 | 17.8 | 11.8 | 6.9 | 7.9 |
| 8. Services | 12145 | 13406 | 14718 | 16100 | 13.2 | 10.4 | 9.7 | 9.5 |
| 9. Other Industries | 271 | 269 | 280 | 294 | 13.9 | -0.7 | 4.1 | 5.0 |
| 10. Government | 10534 | 11499 | 12205 | 12912 | 6.4 | 9.2 | 6.1 | 5.8 |
| Federal Civilian | 2485 | 2564 | 2717 | 2863 | 0.4 | 3.2 | 6.0 | 5.4 |
| Federal Military | 1479 | 1496 | 1577 | 1686 | 3.2 | 1.1 | 5.4 | 6.9 |
| State & Local | 6570 | 7439 | 7911 | 8363 | 9.7 | 13.2 | 6.3 | 5.7 |
| Plus: | | | | | | | | |
| Property Income | 11158 | 11673 | 12128 | 12880 | 7.8 | 4.6 | 3.9 | 6.2 |
| State U.I. Benefits | 227 | 248 | 273 | 314 | 9.3 | 9.3 | 10.1 | 15.0 |
| Other Transfers | 10338 | 10875 | 11484 | 12150 | 5.6 | 5.2 | 5.6 | 5.8 |
| Residence Adjustment | -238 | -250 | -258 | -270 | 20.5 | 5.0 | 3.2 | 4.7 |
| Less: Social Ins. Contributions | 3630 | 3876 | 4314 | 4663 | 9.9 | 6.8 | 11.3 | 8.1 |
| Equals: Total Personal Income | 82078 | 87262 | 92024 | 97889 | 8.5 | 6.3 | 5.5 | 6.4 |
| Nonfarm Personal Income | 80908 | 86045 | 90856 | 96594 | 8.4 | 6.3 | 5.6 | 6.3 |
| % of U.S. Nonfarm | 2.32 | 2.34 | 2.35 | 2.38 | --- | --- | --- | --- |
| Population | 6104 | 6222 | 6335 | 6444 | 2.16 | 1.93 | 1.82 | 1.72 |

## Table 3 Atlanta MSA Wage and Salary Employment for 1986 and 1987 with Forecasts for 1988 and 1989 (Thousands)

| Industry | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| 1. Mining | 1.5 | 1.7 | 1.8 | 1.8 | 20.4 | 18.8 | 3.4 | 0.0 |
| 2. Contract Construction | 78.4 | 80.0 | 76.3 | 75.1 | 9.4 | 2.1 | -4.6 | -1.6 |
| 3. Manufacturing | 192.2 | 192.2 | 194.8 | 194.4 | 3.5 | -0.0 | 1.4 | -0.2 |
| Durables | 100.6 | 99.7 | 100.1 | 97.7 | 3.2 | -0.9 | 0.4 | -2.4 |
| Lumber | 5.1 | 5.3 | 5.5 | 5.4 | 5.0 | 2.3 | 3.8 | -1.8 |
| Furniture | 4.5 | 4.5 | 4.4 | 4.5 | -4.7 | -0.7 | -2.2 | 2.3 |
| Stone, Clay, Glass | 10.2 | 10.3 | 9.6 | 9.7 | 7.4 | 1.1 | -6.8 | 1.0 |
| Primary Metals | 6.6 | 6.6 | 6.3 | 6.3 | -4.2 | 0.3 | -4.5 | 0.0 |
| Fabricated Metals | 9.2 | 8.9 | 8.8 | 8.9 | -0.9 | -3.0 | -1.1 | 1.1 |
| Nonelectrical Machinery | 11.0 | 11.6 | 12.4 | 13.0 | 4.6 | 5.3 | 6.9 | 4.8 |
| Electrical Machinery | 15.5 | 15.3 | 15.1 | 15.4 | 8.9 | -1.4 | -1.3 | 2.0 |
| Transportation Equipment | 32.9 | 31.8 | 32.3 | 28.5 | 3.3 | -3.1 | 1.6 | -11.8 |
| Other Durables | 5.7 | 5.6 | 5.7 | 6.0 | 0.1 | -2.6 | 1.8 | 5.3 |
| Nondurables | 91.6 | 92.5 | 94.7 | 96.7 | 3.9 | 0.9 | 2.4 | 2.1 |
| Food | 21.9 | 21.8 | 22.5 | 23.0 | 6.0 | -0.3 | 3.2 | 2.2 |
| Textiles | 7.2 | 7.6 | 7.8 | 8.0 | -3.9 | 5.3 | 2.6 | 2.6 |
| Apparel | 12.4 | 11.7 | 11.5 | 11.7 | -2.0 | -6.4 | -1.7 | 1.7 |
| Paper | 8.9 | 9.4 | 9.8 | 10.1 | 3.8 | 4.9 | 4.3 | 3.1 |
| Printing | 23.3 | 24.0 | 24.8 | 25.2 | 8.1 | 3.1 | 3.3 | 1.6 |
| Chemicals | 9.6 | 9.7 | 9.9 | 10.1 | 1.2 | 1.3 | 2.1 | 2.0 |
| Other Nondurables | 8.2 | 8.3 | 8.4 | 8.6 | 6.5 | 0.8 | 1.2 | 2.4 |
| 4. Transportation, Comm. & Utilities | 108.4 | 111.7 | 115.0 | 118.3 | 3.4 | 3.1 | 3.0 | 2.9 |
| 5. Trade | 367.9 | 386.8 | 395.9 | 406.2 | 4.9 | 5.1 | 2.4 | 2.6 |
| Wholesale | 129.3 | 134.7 | 135.5 | 137.3 | 3.2 | 4.1 | 0.6 | 1.3 |
| Retail | 238.6 | 252.1 | 260.4 | 268.9 | 5.9 | 5.7 | 3.3 | 3.3 |
| 6. Finance, Ins. and Real Estate | 94.5 | 97.5 | 98.3 | 101.4 | 6.3 | 3.2 | 0.8 | 3.2 |
| 7. Services | 304.4 | 324.1 | 339.6 | 356.4 | 8.1 | 6.4 | 4.8 | 4.9 |
| 8. Government | 183.5 | 189.5 | 195.3 | 200.8 | 3.1 | 3.3 | 3.1 | 2.8 |
| Federal | 39.4 | 41.5 | 43.3 | 44.2 | 3.0 | 5.1 | 4.3 | 2.1 |
| State | 36.4 | 37.2 | 37.9 | 38.8 | 2.6 | 2.2 | 1.9 | 2.4 |
| Local | 107.7 | 110.8 | 114.1 | 117.8 | 3.3 | 2.9 | 3.0 | 3.2 |
| Total Wage & Salary Employment | 1330.7 | 1383.5 | 1417.0 | 1454.4 | 5.4 | 4.0 | 2.4 | 2.6 |
| Unemployment Rate | 4.5 | 4.4 | 4.7 | 5.0 | -10.0 | -2.2 | 6.8 | 6.4 |

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Table 4 Atlanta MSA Personal Income for 1986 with Forecasts for 1987 through 1989
(Millions of Dollars)

| | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Wage & Salary Income | 29235 | 31485 | 33614 | 36089 | 10.3 | 7.7 | 6.8 | 7.4 |
| 2. Other Labor Income | 2963 | 3153 | 3358 | 3583 | 9.0 | 6.4 | 6.5 | 6.7 |
| 3. Proprietors' Income | 2054 | 2241 | 2380 | 2534 | 14.9 | 9.1 | 6.2 | 6.5 |
| Farm | 105 | 105 | 91 | 100 | 20.6 | 0.3 | -15.8 | 10.4 |
| Nonfarm | 1949 | 2136 | 2289 | 2434 | 14.0 | 9.6 | 7.2 | 6.3 |
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Farm | 122 | 124 | 112 | 123 | 18.4 | 1.6 | -9.7 | 9.8 |
| 2. Contract Construction | 2091 | 2018 | 1977 | 2014 | 14.4 | -3.6 | -2.1 | 1.9 |
| 3. Manufacturing | 5404 | 5584 | 5829 | 6035 | 9.4 | 3.3 | 4.4 | 3.5 |
| Durables | 3153 | 3216 | 3319 | 3369 | 8.9 | 2.0 | 3.2 | 1.5 |
| Nondurables | 2251 | 2368 | 2510 | 2666 | 10.0 | 5.2 | 6.0 | 6.2 |
| 4. Transportation & Utilities | 4121 | 4442 | 4802 | 5186 | 7.8 | 7.8 | 8.1 | 8.0 |
| 5. Trade | 7915 | 8482 | 9001 | 9615 | 7.9 | 7.2 | 6.1 | 6.8 |
| Wholesale | 4464 | 4731 | 4973 | 5276 | 7.1 | 6.0 | 5.1 | 6.1 |
| Retail | 3451 | 3751 | 4028 | 4339 | 8.9 | 8.7 | 7.4 | 7.7 |
| 6. Finance, Ins. & Real Estate | 3083 | 3444 | 3664 | 3987 | 17.8 | 11.7 | 6.4 | 8.8 |
| 7. Services | 7183 | 7981 | 8811 | 9753 | 13.6 | 11.1 | 10.4 | 10.7 |
| 8. Other Industries | 166 | 165 | 171 | 179 | 12.1 | -0.8 | 4.0 | 4.6 |
| 9. Government | 4167 | 4639 | 4985 | 5314 | 7.4 | 11.3 | 7.5 | 6.6 |
| Federal Civilian | 1123 | 1196 | 1297 | 1378 | 1.5 | 6.5 | 8.5 | 6.2 |
| Federal Military | 230 | 232 | 242 | 253 | 3.0 | 0.8 | 4.3 | 4.7 |
| State & Local | 2814 | 3211 | 3446 | 3683 | 10.4 | 14.1 | 7.3 | 6.9 |
| Plus: | | | | | | | | |
| Property Income | 5776 | 6064 | 6337 | 6775 | 8.2 | 5.0 | 4.5 | 6.9 |
| Transfer Payments | 3411 | 3626 | 3861 | 4124 | 6.3 | 6.3 | 6.5 | 6.8 |
| Residence Adjustment | -1243 | -1276 | -1302 | -1315 | 5.2 | 2.7 | 2.0 | 1.0 |
| Less: Social Ins. Contributions | 2165 | 2333 | 2611 | 2843 | 8.2 | 7.8 | 11.9 | 8.9 |
| Equals: Total Personal Income | 40031 | 42960 | 45637 | 48947 | 10.1 | 7.3 | 6.2 | 7.3 |
| Nonfarm Personal Income | 39909 | 42836 | 45525 | 48824 | 10.1 | 7.3 | 6.3 | 7.2 |
| % of Georgia Nonfarm | 49.33 | 49.78 | 50.11 | 50.55 | --- | --- | --- | --- |
| Population (#,Thousands) | 2560 | 2642 | 2717 | 2781 | 3.57 | 3.20 | 2.84 | 2.36 |

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Table 5

## Seasonally Adjusted Nonagricultural Employment
(Thousands)

| | Georgia | | | | | | Atlanta | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 86-4 | 87-1 | 87-2 | 87-3(r) | 87-4(p) | Dec(p) | 86-4 | 87-1 | 87-2 | 87-3(r) | 87-4(p) | Dec(p) |
| Total | 2717.9 | 2757.8 | 2746.8 | 2748.0 | 2759.8 | 2766.5 | 1360.9 | 1387.6 | 1384.6 | 1377.0 | 1385.0 | 1387.7 |
| Mining | 8.8 | 8.9 | 8.8 | 8.8 | 8.8 | 8.8 | 1.7 | 1.7 | 1.8 | 1.7 | 1.8 | 1.7 |
| Contract Construction | 162.1 | 164.5 | 155.5 | 154.7 | 158.3 | 160.7 | 83.7 | 85.6 | 79.0 | 77.1 | 78.3 | 78.3 |
| Manufacturing | 564.8 | 568.2 | 569.0 | 569.4 | 571.8 | 574.8 | 192.5 | 192.2 | 192.9 | 191.7 | 192.0 | 194.8 |
| Durables | 221.8 | 222.8 | 223.4 | 222.9 | 223.3 | 225.1 | 100.1 | 99.7 | 100.5 | 99.2 | 99.4 | 101.3 |
| Lumber | 34.9 | 35.0 | 34.5 | 34.5 | 34.6 | 34.6 | 5.3 | 5.3 | 5.1 | 5.2 | 5.4 | 5.5 |
| Furniture | 11.7 | 11.9 | 11.7 | 11.8 | 11.8 | 11.7 | 4.5 | 4.5 | 4.4 | 4.4 | 4.5 | 4.4 |
| Stone, Clay, Glass | 20.9 | 21.1 | 20.9 | 20.4 | 20.4 | 20.2 | 10.2 | 10.6 | 10.5 | 10.2 | 9.7 | 9.7 |
| Primary Metals | 15.2 | 15.4 | 15.4 | 15.0 | 15.1 | 15.0 | 6.7 | 6.7 | 6.7 | 6.4 | 6.5 | 6.4 |
| Fabricated Metals | 20.5 | 20.6 | 20.7 | 20.5 | 20.3 | 20.4 | 8.9 | 8.9 | 9.0 | 8.8 | 8.9 | 8.9 |
| Nonelectrical Machinery | 25.9 | 26.3 | 26.8 | 27.1 | 27.7 | 27.8 | 10.9 | 11.2 | 11.5 | 11.6 | 11.9 | 12.1 |
| Electrical Machinery | 29.0 | 29.7 | 29.7 | 29.6 | 29.2 | 29.1 | 15.1 | 15.2 | 15.5 | 15.3 | 15.1 | 15.1 |
| Transportation Equipment | 51.3 | 50.2 | 51.0 | 51.4 | 51.6 | 53.5 | 33.0 | 31.7 | 32.3 | 31.8 | 31.6 | 33.6 |
| Other Durables | 12.4 | 12.7 | 12.7 | 12.7 | 12.6 | 12.8 | 5.7 | 5.6 | 5.5 | 5.5 | 5.7 | 5.6 |
| Nondurables | 343.1 | 345.4 | 345.6 | 346.5 | 348.5 | 349.7 | 92.4 | 92.5 | 92.3 | 92.5 | 92.6 | 93.5 |
| Food | 61.0 | 61.4 | 60.5 | 61.0 | 61.7 | 61.9 | 21.9 | 21.7 | 21.8 | 22.0 | 21.8 | 22.3 |
| Textiles | 104.1 | 105.3 | 106.4 | 108.0 | 107.9 | 108.0 | 7.5 | 7.7 | 7.5 | 7.7 | 7.6 | 7.7 |
| Apparel | 69.1 | 69.8 | 69.5 | 68.6 | 68.5 | 69.1 | 12.1 | 12.0 | 11.8 | 11.5 | 11.3 | 11.5 |
| Paper | 31.2 | 31.3 | 31.0 | 30.3 | 31.6 | 31.7 | 9.1 | 9.3 | 9.4 | 9.5 | 9.4 | 9.6 |
| Printing | 37.2 | 37.2 | 37.4 | 37.7 | 38.4 | 38.5 | 23.7 | 23.8 | 23.9 | 24.0 | 24.3 | 24.4 |
| Chemicals | 19.0 | 18.7 | 18.5 | 18.7 | 18.7 | 18.6 | 9.9 | 9.8 | 9.6 | 9.7 | 9.9 | 9.8 |
| Leather | 1.3 | 1.2 | 1.3 | 1.3 | 1.3 | 1.3 | --- | --- | --- | --- | --- | --- |
| Other Nondurables | 20.3 | 20.6 | 21.0 | 20.8 | 20.3 | 20.6 | 8.3 | 8.3 | 8.4 | 8.2 | 8.2 | 8.2 |
| Transportation, Comm. & Util. | 167.3 | 169.0 | 170.0 | 170.0 | 171.2 | 171.2 | 109.5 | 110.2 | 111.4 | 112.1 | 113.2 | 113.1 |
| Trade | 684.4 | 700.3 | 695.8 | 695.0 | 691.2 | 688.2 | 377.7 | 388.0 | 388.1 | 386.8 | 384.4 | 382.7 |
| Wholesale | 203.1 | 205.4 | 204.5 | 201.8 | 203.0 | 203.5 | 132.6 | 135.8 | 135.6 | 133.4 | 133.9 | 134.7 |
| Retail | 481.3 | 495.0 | 491.3 | 493.2 | 488.2 | 484.7 | 245.1 | 252.2 | 252.5 | 253.3 | 250.5 | 248.0 |
| Finance, Ins. & Real Estate | 149.1 | 150.7 | 149.5 | 149.8 | 150.2 | 150.5 | 96.6 | 97.7 | 97.4 | 97.5 | 97.4 | 97.5 |
| Services | 523.4 | 532.7 | 533.1 | 531.2 | 540.2 | 543.1 | 315.3 | 323.2 | 323.5 | 323.2 | 326.3 | 327.4 |
| Government | 458.0 | 463.4 | 465.2 | 469.2 | 468.2 | 469.2 | 183.9 | 189.0 | 190.4 | 187.0 | 191.7 | 192.2 |
| Federal | 96.1 | 97.1 | 97.2 | 97.9 | 98.8 | 99.1 | 39.6 | 40.2 | 41.2 | 41.7 | 42.7 | 42.9 |
| State and Local | 361.8 | 366.3 | 368.0 | 371.3 | 369.4 | 370.1 | 144.3 | 148.8 | 149.2 | 145.2 | 149.1 | 149.3 |
| State | 107.3 | 109.0 | 107.8 | 108.5 | 109.2 | 110.5 | 36.4 | 37.2 | 37.6 | 36.9 | 37.3 | 37.0 |
| Local | 254.5 | 257.3 | 260.2 | 262.8 | 260.2 | 259.6 | 107.9 | 111.6 | 111.6 | 108.4 | 111.8 | 112.3 |

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Table 6 Metro Atlanta Housing Permits for 1985 through 1987 with Forecasts through 1989

| | 1985 | | 1986 | | 1987 | | 1988 | | 1989 | |
|---|---|---|---|---|---|---|---|---|---|---|
| County | single | multi | single | multi | single | multi | single | multi | single | multi |
| Butts | 66 | 4 | 64 | 0 | 92 | 0 | 110 | 0 | 125 | 0 |
| Cherokee | 1632 | 155 | 2450 | 265 | 1799 | 17 | 1650 | 35 | 1830 | 65 |
| Clayton | 1408 | 1424 | 1559 | 1832 | 1371 | 1882 | 1450 | 1430 | 1490 | 1120 |
| Cobb | 5713 | 3003 | 5875 | 3922 | 4937 | 2816 | 4660 | 2160 | 4760 | 2030 |
| DeKalb | 2686 | 4302 | 3265 | 3647 | 2712 | 3269 | 2590 | 3020 | 2630 | 2650 |
| Douglas | 702 | 189 | 779 | 242 | 775 | 0 | 760 | 80 | 840 | 160 |
| Fayette | 692 | 0 | 822 | 15 | 907 | 0 | 940 | 0 | 1020 | 20 |
| Forsyth | 718 | 76 | 782 | 88 | 735 | 36 | 750 | 50 | 790 | 80 |
| Fulton | 3048 | 4143 | 3416 | 4259 | 3311 | 2625 | 3480 | 2430 | 3550 | 2360 |
| Gwinnett | 6905 | 4112 | 5728 | 4062 | 4819 | 436 | 4630 | 630 | 4690 | 1080 |
| Henry | 899 | 126 | 1322 | 164 | 1457 | 132 | 1490 | 165 | 1565 | 225 |
| Newton | 311 | 14 | 373 | 62 | 517 | 6 | 640 | 20 | 765 | 40 |
| Paulding | 718 | 0 | 927 | 6 | 1011 | 0 | 1050 | 0 | 1160 | 20 |
| Rockdale | 692 | 120 | 1075 | 283 | 971 | 161 | 870 | 220 | 940 | 260 |
| Walton | 286 | 0 | 343 | 0 | 489 | 0 | 600 | 0 | 710 | 0 |
| Total | 26476 | 17668 | 28780 | 18847 | 25903 | 11380 | 25670 | 10240 | 26865 | 10110 |
| % Change From Previous Year | +22.7 | -8.5 | +8.7 | +6.7 | -10.0 | -39.6 | -0.9 | -10.0 | +4.7 | -1.3 |
| % Change in Total (single + multi) | +7.8 | | +7.9 | | -21.7 | | -3.7 | | +3.0 | |
| Estimated Potential Absorption (000) | 48.0 | | 44.0 | | 41.4 | | 37.9 | | 32.3 | |

NOTE: Condominiums and fee simple town homes are included in the multi-family totals. Counties added in 1985 are in totals for that year but are not included in changes until 1986.

Source: Homebuilders Association of Metro Atlanta

# PRICE LIST

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| | |
|---|---|
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| | |
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Economic Forecasting Center
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February 12, 1988

Enclosed are the latest quarterly forecasts prepared by the Economic Forecasting Center at Georgia State University.

Our forecast does not contain a recession at the present time. However, it indicates two distinct periods of inventory excesses that need to be removed. The first inventory excess occurs immediately at the retail and wholesale level, especially in automobiles and nondurables. Most of the nondurable inventory excesses are assumed to be imported goods, whose correction will have minimal effect upon U.S. economic activity. The second inventory correction is expected in 1989 as manufacturers discover that export activity cannot continue to grow in real double-digit ranges. They will then discover that their inventories are excessive and need to be corrected.

While these inventory corrections are taking place, construction also is expected to decline significantly while the savings rate is expected to remain at higher levels than in recent years. Strong export activity will provide sufficient offsetting strength to prevent the economy from dipping into recession. Clearly, any weaker export activity, greater consumer retrenchment, or more coordinated inventory adjustments between retailers and manufacturing could tilt the outlook into recession in 1988. The odds of a recession are probably one in three at the present time.

Of course, the stuttering economy that we foresee should keep interest rates from rising significantly and prevent inflation from becoming a serious problem.

If you have any comments concerning this forecast, please forward them to me.

Sincerely,

Don Ratajczak

Dr. Donald Ratajczak
Director
Economic Forecasting Center

DR
bg

3/14/88 U1880-2

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Economic Forecasting Center
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March 4, 1988

Attached, please find updated copies of tables 1, 3 and 5 of the Forecast of Georgia and Atlanta. The data needed to compute these new figures was released after the February 11 conference. We hope this information will be helpful to you. If you have any questions, please feel free to call the Economic Forecasting Center at 651-3282. Thank you.

*A Unit of the University System of Georgia*

Georgia State University
College of Business Administration
Economic Forecasting Center
February 1988

Table 1

Georgia Wage & Salary Employment for 1986 and 1987 with Forecasts for 1988 and 1989
(Thousands)

| Industry | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| 1. Mining | 8.2 | 8.4 | 8.4 | 8.5 | 1.2 | 2.4 | 0.0 | 1.2 |
| 2. Construction | 151.9 | 151.5 | 149.8 | 149.5 | 5.6 | -0.3 | -1.1 | -0.2 |
| 3. Manufacturing | 564.6 | 569.4 | 577.1 | 582.8 | 1.4 | 0.9 | 1.4 | 1.0 |
| Durables | 222.5 | 222.0 | 223.8 | 225.1 | 1.1 | -0.2 | 0.8 | 0.6 |
| Lumber | 34.7 | 33.7 | 33.8 | 33.9 | -2.8 | -2.9 | 0.3 | 0.3 |
| Furniture | 11.8 | 12.0 | 12.3 | 12.5 | -0.8 | 1.7 | 2.5 | 1.6 |
| Stone, Clay, Glass | 20.7 | 20.6 | 20.6 | 20.7 | 4.0 | -0.5 | 0.0 | 0.5 |
| Primary Metals | 16.2 | 16.2 | 16.6 | 16.9 | -1.8 | 0.2 | 2.5 | 1.8 |
| Fabricated Metals | 20.7 | 20.8 | 21.0 | 21.3 | 0.0 | 0.5 | 1.0 | 1.4 |
| Nonelectrical Machinery | 25.7 | 26.2 | 28.2 | 29.6 | -1.2 | 2.0 | 7.6 | 5.0 |
| Electrical Machinery | 29.4 | 29.5 | 29.8 | 30.3 | 6.1 | 0.3 | 1.0 | 1.7 |
| Transportation Equipment | 51.0 | 50.6 | 49.1 | 47.3 | 3.9 | -0.8 | -3.0 | -3.7 |
| Other Durables | 12.2 | 12.3 | 12.4 | 12.6 | -3.2 | 0.8 | 0.8 | 1.6 |
| Nondurables | 342.1 | 347.4 | 353.3 | 357.7 | 1.5 | 1.6 | 1.7 | 1.2 |
| Food | 60.6 | 60.8 | 62.2 | 62.9 | 2.1 | 0.3 | 2.3 | 1.1 |
| Textiles | 102.9 | 107.2 | 108.7 | 109.4 | 2.1 | 4.2 | 1.4 | 0.6 |
| Apparel | 69.0 | 67.8 | 68.4 | 69.1 | -2.0 | -1.7 | 0.9 | 1.0 |
| Paper | 30.8 | 31.2 | 32.2 | 33.0 | 1.7 | 1.3 | 3.2 | 2.5 |
| Printing | 36.1 | 37.1 | 38.2 | 39.1 | 5.9 | 2.8 | 3.0 | 2.4 |
| Chemicals | 19.3 | 19.2 | 19.6 | 20.0 | 0.0 | -0.5 | 2.1 | 2.0 |
| Leather | 1.6 | 1.6 | 1.7 | 1.7 | 0.0 | 0.0 | 6.3 | 0.0 |
| Other Nondurables | 21.8 | 22.5 | 22.3 | 22.5 | 2.8 | 3.2 | -0.9 | 0.9 |
| 4. Transportation, Comm. & Utilities | 168.3 | 174.6 | 178.8 | 182.3 | 3.3 | 3.7 | 2.4 | 2.0 |
| 5. Trade | 667.7 | 692.2 | 707.3 | 723.0 | 3.8 | 3.7 | 2.2 | 2.2 |
| Wholesale | 196.0 | 200.1 | 203.0 | 206.1 | 0.3 | 2.1 | 1.4 | 1.5 |
| Retail | 471.7 | 492.1 | 504.3 | 516.9 | 5.4 | 4.3 | 2.5 | 2.5 |
| 6. Finance, Ins. & Real Estate | 146.1 | 155.1 | 158.2 | 162.4 | 6.8 | 6.2 | 2.0 | 2.7 |
| 7. Services | 503.3 | 536.1 | 558.3 | 579.6 | 7.2 | 6.5 | 4.1 | 3.8 |
| 8. Government | 462.2 | 476.0 | 486.9 | 496.6 | 3.0 | 3.0 | 2.3 | 2.0 |
| Federal | 96.9 | 99.3 | 99.5 | 99.8 | 2.9 | 2.5 | 0.2 | 0.3 |
| State | 107.7 | 111.3 | 116.8 | 120.5 | 2.8 | 3.3 | 4.9 | 3.2 |
| Local | 257.7 | 265.4 | 270.6 | 276.3 | 3.2 | 3.0 | 2.0 | 2.1 |
| Total Wage & Salary Employment | 2672.4 | 2763.3 | 2824.8 | 2884.7 | 4.0 | 3.4 | 2.2 | 2.1 |
| Unemployment Rate | 5.9 | 5.3 | 5.7 | 6.0 | -9.2 | -10.2 | 7.5 | 5.3 |

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### Table 3 Atlanta MSA Wage and Salary Employment for 1986 and 1987 with Forecasts for 1988 and 1989 (Thousands)

| Industry | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| 1. Mining | 1.3 | 1.4 | 1.4 | 1.4 | 8.3 | 7.7 | 0.0 | 0.0 |
| 2. Contract Construction | 73.9 | 72.9 | 70.9 | 71.3 | 3.2 | -1.4 | -2.7 | 0.6 |
| 3. Manufacturing | 191.1 | 187.9 | 190.7 | 191.6 | 3.0 | -1.7 | 1.5 | 0.5 |
| Durables | 100.4 | 97.2 | 97.6 | 96.3 | 3.1 | -3.2 | 0.4 | -1.3 |
| Lumber | 5.0 | 5.0 | 5.2 | 5.2 | 2.0 | 0.0 | 4.0 | 0.0 |
| Furniture | 4.4 | 4.2 | 4.4 | 4.5 | -6.4 | -4.6 | 4.8 | 2.3 |
| Stone, Clay, Glass | 9.8 | 9.4 | 9.2 | 9.3 | 3.2 | -4.1 | -2.1 | 1.1 |
| Primary Metals | 7.0 | 6.9 | 6.7 | 6.7 | 1.5 | -1.4 | -2.9 | 0.0 |
| Fabricated Metals | 9.5 | 9.6 | 9.8 | 9.9 | 2.2 | 1.1 | 2.1 | 1.0 |
| Nonelectrical Machinery | 10.5 | 10.4 | 11.3 | 12.0 | 0.0 | -1.0 | 8.7 | 6.2 |
| Electrical Machinery | 15.5 | 14.7 | 14.9 | 15.2 | 9.2 | -5.2 | 1.4 | 2.0 |
| Transportation Equipment | 33.0 | 31.4 | 30.3 | 27.6 | 3.8 | -4.9 | -3.5 | -8.9 |
| Other Durables | 5.7 | 5.6 | 5.8 | 5.9 | 0.0 | -1.8 | 3.6 | 1.7 |
| Nondurables | 90.7 | 90.7 | 93.1 | 95.3 | 2.8 | 0.0 | 2.6 | 2.4 |
| Food | 22.0 | 21.2 | 21.6 | 22.1 | 6.8 | -3.6 | 1.9 | 2.3 |
| Textiles | 7.1 | 7.4 | 7.7 | 7.9 | -5.3 | 4.2 | 4.1 | 2.6 |
| Apparel | 12.3 | 11.6 | 11.5 | 11.7 | -3.2 | -5.7 | -0.9 | 1.7 |
| Paper | 8.9 | 9.2 | 9.6 | 9.9 | 3.5 | 3.4 | 4.3 | 3.1 |
| Printing | 22.4 | 22.7 | 23.4 | 23.8 | 4.2 | 1.3 | 3.1 | 1.7 |
| Chemicals | 9.3 | 9.2 | 9.6 | 9.9 | -2.1 | -1.1 | 4.3 | 3.1 |
| Other Nondurables | 8.7 | 9.4 | 9.7 | 10.0 | 13.0 | 8.1 | 3.2 | 3.1 |
| 4. Transportation, Comm. & Utilities | 109.4 | 114.9 | 118.3 | 121.9 | 4.4 | 5.0 | 3.0 | 3.0 |
| 5. Trade | 366.4 | 378.4 | 387.8 | 399.7 | 4.5 | 3.3 | 2.5 | 3.1 |
| Wholesale | 128.3 | 131.0 | 132.5 | 134.6 | 2.3 | 2.1 | 1.1 | 1.6 |
| Retail | 238.1 | 247.5 | 255.3 | 265.1 | 5.7 | 4.0 | 3.2 | 3.8 |
| 6. Finance, Ins. and Real Estate | 93.4 | 98.1 | 100.5 | 103.5 | 5.1 | 5.0 | 2.4 | 3.0 |
| 7. Services | 302.8 | 319.8 | 334.1 | 349.3 | 7.5 | 5.6 | 4.5 | 4.5 |
| 8. Government | 185.5 | 194.1 | 200.0 | 205.3 | 4.2 | 4.6 | 3.0 | 2.7 |
| Federal | 39.9 | 42.1 | 42.4 | 42.9 | 4.2 | 5.5 | 0.7 | 1.2 |
| State | 36.9 | 38.9 | 41.3 | 42.9 | 3.9 | 5.4 | 6.2 | 3.9 |
| Local | 108.8 | 113.0 | 116.3 | 119.5 | 4.4 | 3.9 | 2.9 | 2.8 |
| Total Wage & Salary Employment | 1323.8 | 1367.6 | 1403.7 | 1444.0 | 4.9 | 3.3 | 2.6 | 2.9 |
| Unemployment Rate | 4.5 | 4.4 | 4.7 | 5.0 | -10.0 | -2.2 | 6.8 | 6.4 |

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Table 5

## Seasonally Adjusted Nonagricultural Employment
(Thousands)

| | Georgia | | | | | | Atlanta | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 86-4 | 87-1 | 87-2 | 87-3(r) | 87-4(p) | Jan(p) | 86-4 | 87-1 | 87-2 | 87-3(r) | 87-4(p) | Jan(p) |
| Total | 2710.5 | 2740.9 | 2756.8 | 2771.3 | 2783.3 | 2799.6 | 1345.2 | 1360.4 | 1367.4 | 1366.7 | 1375.4 | 1399.8 |
| Mining | 8.3 | 8.4 | 8.3 | 8.3 | 8.3 | 8.4 | 1.3 | 1.4 | 1.4 | 1.4 | 1.4 | 1.3 |
| Contract Construction | 151.9 | 152.8 | 148.7 | 150.4 | 153.9 | 151.4 | 72.8 | 74.5 | 72.1 | 71.9 | 73.0 | 72.0 |
| Manufacturing | 563.8 | 565.0 | 569.9 | 570.2 | 572.3 | 573.8 | 190.1 | 187.3 | 189.1 | 187.5 | 187.7 | 189.2 |
| Durables | 222.0 | 220.7 | 222.8 | 222.0 | 222.5 | 223.0 | 99.7 | 97.1 | 98.3 | 96.5 | 96.7 | 97.3 |
| Lumber | 34.1 | 34.0 | 33.7 | 33.5 | 33.6 | 33.7 | 4.9 | 5.1 | 4.9 | 5.0 | 5.2 | 5.2 |
| Furniture | 11.7 | 11.8 | 11.9 | 12.1 | 12.1 | 12.2 | 4.2 | 4.1 | 4.1 | 4.2 | 4.3 | 4.4 |
| Stone, Clay, Glass | 20.7 | 20.7 | 21.0 | 20.4 | 20.4 | 20.6 | 9.4 | 9.5 | 9.7 | 9.3 | 9.0 | 9.3 |
| Primary Metals | 16.3 | 16.4 | 16.5 | 16.0 | 16.1 | 16.5 | 7.4 | 7.1 | 7.2 | 6.6 | 6.6 | 6.7 |
| Fabricated Metals | 20.7 | 20.6 | 20.9 | 20.9 | 20.7 | 20.8 | 9.9 | 9.5 | 9.7 | 9.5 | 9.6 | 9.6 |
| Nonelectrical Machinery | 25.4 | 25.4 | 26.0 | 26.4 | 27.1 | 27.5 | 10.2 | 10.2 | 10.4 | 10.5 | 10.7 | 11.1 |
| Electrical Machinery | 29.6 | 29.5 | 29.5 | 29.8 | 29.4 | 29.6 | 15.3 | 14.7 | 14.7 | 14.7 | 14.5 | 14.6 |
| Transportation Equipment | 51.2 | 50.0 | 50.8 | 50.7 | 50.9 | 49.9 | 32.9 | 31.5 | 32.1 | 31.2 | 31.0 | 30.8 |
| Other Durables | 12.2 | 12.3 | 12.4 | 12.3 | 12.2 | 12.4 | 5.7 | 5.5 | 5.6 | 5.6 | 5.7 | 5.6 |
| Nondurables | 341.8 | 344.3 | 347.1 | 348.1 | 349.9 | 350.8 | 90.3 | 90.2 | 90.7 | 91.0 | 91.0 | 91.9 |
| Food | 61.2 | 60.5 | 60.4 | 60.9 | 61.5 | 61.7 | 21.7 | 21.2 | 21.3 | 21.3 | 21.2 | 21.4 |
| Textiles | 104.2 | 106.2 | 106.6 | 107.9 | 107.9 | 108.4 | 7.1 | 7.4 | 7.3 | 7.4 | 7.4 | 7.6 |
| Apparel | 67.1 | 67.6 | 68.6 | 67.6 | 67.5 | 67.8 | 11.9 | 11.9 | 11.7 | 11.5 | 11.4 | 11.5 |
| Paper | 30.6 | 31.2 | 31.1 | 30.6 | 31.8 | 31.9 | 8.9 | 9.0 | 9.2 | 9.3 | 9.3 | 9.4 |
| Printing | 36.5 | 36.5 | 36.9 | 37.2 | 37.9 | 37.9 | 22.3 | 22.4 | 22.6 | 22.7 | 23.0 | 22.9 |
| Chemicals | 19.2 | 18.9 | 19.1 | 19.4 | 19.5 | 19.4 | 9.1 | 9.0 | 9.1 | 9.3 | 9.4 | 9.6 |
| Leather | 1.5 | 1.4 | 1.6 | 1.7 | 1.6 | 1.6 | --- | --- | --- | --- | --- | --- |
| Other Nondurables | 21.5 | 22.1 | 22.9 | 22.8 | 22.3 | 22.0 | 9.3 | 9.3 | 9.5 | 9.4 | 9.4 | 9.6 |
| Transportation, Comm. & Util. | 170.9 | 172.2 | 175.2 | 175.0 | 176.1 | 175.3 | 112.0 | 111.9 | 115.1 | 115.8 | 116.9 | 117.0 |
| Trade | 679.6 | 690.9 | 692.1 | 694.7 | 690.9 | 699.1 | 372.8 | 379.5 | 378.8 | 379.0 | 376.6 | 392.7 |
| Wholesale | 198.9 | 201.2 | 200.3 | 198.8 | 200.0 | 201.5 | 129.5 | 131.6 | 131.5 | 130.2 | 130.6 | 131.7 |
| Retail | 480.7 | 489.7 | 491.7 | 495.9 | 490.9 | 497.6 | 243.2 | 247.9 | 247.4 | 248.9 | 246.0 | 251.5 |
| Finance, Ins. & Real Estate | 150.8 | 153.2 | 154.5 | 156.1 | 156.6 | 157.1 | 95.4 | 96.7 | 98.0 | 98.8 | 98.7 | 99.6 |
| Services | 516.5 | 527.8 | 533.5 | 536.8 | 546.0 | 551.5 | 311.4 | 316.0 | 317.9 | 320.6 | 324.4 | 327.9 |
| Government | 468.8 | 470.5 | 474.6 | 479.9 | 479.2 | 483.0 | 189.3 | 193.2 | 195.0 | 191.6 | 196.7 | 200.1 |
| Federal | 98.3 | 98.4 | 98.8 | 99.5 | 100.4 | 99.2 | 40.8 | 41.1 | 41.7 | 42.4 | 43.3 | 42.4 |
| State and Local | 370.5 | 372.1 | 375.9 | 380.4 | 378.7 | 383.8 | 148.6 | 152.0 | 153.3 | 149.3 | 153.4 | 157.7 |
| State | 108.6 | 110.9 | 110.7 | 111.5 | 112.2 | 114.2 | 37.0 | 38.6 | 39.5 | 38.5 | 39.1 | 41.2 |
| Local | 261.8 | 261.2 | 265.1 | 268.9 | 266.6 | 269.6 | 111.6 | 113.5 | 113.7 | 110.8 | 114.3 | 116.5 |

5/18/88 U1880-2

## Forecast of Georgia & Atlanta 1988-1989
## Five-Year Georgia Forecast

# ECONOMIC FORECASTING CENTER

Georgia State University
College of Business Administration
May 1988
Dr. Donald Ratajczak, Director

1973-1988

15th
Anniversary

## ECONOMIC FORECASTING CENTER

Dr. Donald Ratajczak, Director

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# MODEST GROWTH REMAINS GEORGIA'S OUTLOOK FOR NEXT TWO YEARS

Dr. Donald Ratajczak
Director
Economic Forecasting Center

## SUMMARY

Revised personal income growth for Georgia indicates that the state outperformed the nation during the last year, with nonfarm personal income growing 7.6% as opposed to a national gain of 6.8%. With inflation growing only slightly more in Georgia than nationwide, 3.8% as opposed to 3.6%, Georgia's gross state product probably increased 3.5% in 1987. Activity should increase more slowly in Georgia during the next two years, with gains of 3.0% and 2.0% projected for those years. This will be comparable to gains expected nationwide.

Nonfarm personal income in Georgia grew slightly slower than nationwide during the fourth quarter and seasonally adjusted payroll employment grew at an annual rate of 3.4% in Georgia during the first quarter as compared to a 3.8% gain for the nation. As the year progresses, manufacturing activity other than in the transportation equipment industry should improve while the service and distributive economies will continue modest growth. Employment should increase 2.2% and 1.9% respectively in the next two years while unemployment in Georgia should rise gradually to a 5.7% average in 1988 and 6.1% in 1989.

Nonfarm personal income should slow to gains of only 6.5% and 6.4% during the next two years, although these gains will continue to be slightly greater than nationwide to reflect slightly higher inflation in the local economy.

Population growth already has slowed to 1.9% in 1987 and is expected to slow further to increases of only 1.7% in 1989. However, this moderate reduction in economic growth should have little impact upon state tax collections, as rising inflation will offset falling payroll gains to preserve normal gains in tax collections. Revenues may slow their growth slightly from a surprisingly rapid 9.0% this fiscal year to increases of 8.0% and 7.5% in the subsequent two years. Thus, no serious budgetary problems are foreseen during the forecast period.

The Georgia economy will be adjusting to reduced employment at Lockheed-Georgia and the prospects that one auto assembly plant may not recall workers currently on extended layoff. Also, construction will slow to adjust for slower household growth and the overbuilding of office space. As a result, slower economic growth should be expected. However, employment gains in textiles and machinery should provide sufficient strength to prevent any recessionary tendencies in the next two years.

## RECENT CONDITIONS

After surprisingly sluggish payroll gains late in 1987, payroll employment showed renewed strength early in 1988. However, most of the improvement occurred in retail and government payrolls, which are not expected to continue growing at such relatively favorable rates. Construction weakened, but bad weather in January may have distorted that activity. Further weakness is expected in construction, however, to adjust apartment and commercial inventories. Durable manufacturing gains were especially robust in primary metals and non-electrical machinery. Textile employment continued to grow modestly, but employment weakened slightly in the apparel and chemical industries. Transportation services also experienced seasonally adjusted payroll declines while the financial services sector continued the sluggish growth that surfaced last summer, even before the stock market collapsed.

In March, employment showed little change from the previous month. Manufacturing continued to grow, with gains especially sharp in food processing, apparel, and rubber products. Transportation equipment employment continued to drift lower. Also drifting lower were employment in construction, wholesale trade (especially of nondurable goods), and business services. Government payrolls and employment in transportation services continued their strong growth rates. However, with little trend in employment during March, Georgia's payrolls should grow more slowly during the spring than they did in the winter.

Although personal income grew more slowly in Georgia than in the nation during the fourth quarter, Georgia's earnings were stronger in construction, nondurable manufacturing, and federal civilian and military payrolls. Earnings actually fell in durable manufacturing and retail trade, while they were growing nationwide. Farm income also experienced a much stronger rebound in the nation than in Georgia, as favorable poultry prices began to vanish. Despite slower earnings and payroll growth, unemployment benefits fell more sharply in Georgia than nationwide. Also, property income showed stronger gains in Georgia than in the country. With payrolls growing slightly slower in Georgia, nonfarm income should continue to trail national performance during the winter.

Georgia s coincident indicators continued to show widespread gains in the first quarter, with only farm receipts and corporate tax accruals showing any softness in March. The weakness in corporate profitability appears to stem from excessive employment growth during the first quarter, where productivity appears to have fallen slightly in Georgia even as it was expanding at a 0.9% annual rate in the U.S. After seasonal adjustment, the insured unemployment rate fell, suggesting a further tightening of the skilled workforce.

The leading indicators strenghtened as the quarter progressed, suggesting that activity in Georgia may rebound in the months ahead. Consumer spending was especially robust in March, but this could be the result of seasonal factors that do not fully account for the earlier Easter. Next month's performance may provide some insight into how sustainable the consumption rebound is. State revenues and housing permits also rebounded sharply, indicating strength both in governmental services and housing construction. However, nonresidential construction contracts fell while the workweek also declined. Nevertheless, the leading indicators expanded more rapidly than current activity both in February and March. This normally indicates that current economic activity is less than can be sustained by permits, orders, and consumer spending patterns. Thus, an increase in economic growth should be expected in the next few months.

As last year ended, the South Atlantic states regained regional dominance in retail trade. Sales increased 5.7% in the region as opposed to an anemic 3.6% gain nationwide. Sales continued to decline by 6.8% from the previous year in Atlanta. However, department stores showed a 6.6% sales gain. This was slightly better than a 6.1% gain for department store sales nationwide. During the fourth quarter, taxable sales in Georgia increased only 3.5% from the previous year, but their gains were 6.2% for the year, up from an increase of 5.1% in 1986. When estimates of service expenditures are included, this suggests that Georgia consumption before adjustment for inflation probably increased 7% for the year but only 5% during the fourth quarter. With modest individual tax reductions, disposable income in Georgia probably increased 8% for the year and a strong 9% in year-over-year comparisons for the fourth quarter. Thus, savings rose modestly in Georgia last year but increased sharply at the end of that year.

Slower employment growth in Georgia has occurred prior to a slowing of migration. As a result, unemployment in Georgia has been declining much more slowly than in the nation. By March, Georgia's unemployment had only dipped 0.2 percentage points from the previous year to 5.8%, while nationwide, the unadjusted unemployment rate had fallen from 6.9% to 5.9%. The latest household estimates of employment are surprisingly close to payroll estimates, suggesting little need for further employment revisions when next year's benchmarks are unveiled. Athens has the lowest unemployment rate of any MSA in the state as unemployment fell by 0.9 points to 4.2% in the last year. Although Atlanta's unemployment rate is still a respectable 5.0%, this is a slight increase from the previous year. Unemployment also increased in Macon, from 5.4% to 5.6%, Savannah, from 6.3% to 7.1%, and in Columbus, from 6.8% to 7.2%. However, new companies entering Macon and Columbus along with expansion from existing firms suggest that declining unemployment soon should reappear in those areas. Unemployment fell slightly in Augusta to 6.3% from 6.6% a year ago and also fell in Albany to 8.9% from 10.0% the previous March. Employment gains clearly are more diversified than they were a year ago.

Nationwide, the insured unemployment rate has again reached a cyclical low of 2.1% in recent weeks. By contrast, the insured unemployment rate in Georgia has creeped upward to 1.4% while the Atlanta rate has increased to slightly more than 1%. This relative increase in the insured unemployment rate probably will prevent wage pressures from intensifying more rapidly than nationwide next year.

Mortgage interest rates are beginning to drift upward and are expected to exceed 10% by the summer for all loans closed. A mortgage rate approaching 11% is possible early in 1989 before rates again decline later that year. The latest mortgage rates for March, however, were 9.1% for all loans closed in the U.S., virtually the same as a year ago. In Atlanta, the effective rate fell 0.2 percentage points to 8.86%. The average purchase price of those financed homes increased $3100 nationally to $124,500 while prices soared to $140,400 in Atlanta, an increase of $20,600. Obviously, such price increases in Atlanta will not persist once mortgage rates begin rising and employment gains begin to slow.

Revenue collections in Georgia continue to exceed anticipations as revenues spurted 9.9% from the previous year in the latest quarter. Special audits of sales tax accounts resulted in more revenues in that area than normally occurs. Also, the collection and refund cycle early this year may have led to more gains in personal income than can be sustained. Nevertheless, with collections 10.4% above the previous year during the first nine months, revenues almost certainly will be up by more than 9% for the fiscal year. Indeed, a slowing to even this rate may not develop, as revenues were 11.0% above the previous year in March. The quarterly 9.9% gain compares with increases of 12.3%, 9.1%, 6.9%, 10.0% and 6.4%. Revenue increases should slow during the next two years, but still show respectable gains of 8.0% and 7.5% respectively.

The audit of sales tax accounts clearly helped sales tax collections in Georgia relative to all states. Georgia collections increased 9.9% from the previous year in comparison to gains of 5.9%, 9.7%, 5.1%, 5.4% and 2.5% in previous quarters. The sales tax gain for all state and local governments was 6.2%. This compared to increases of 6.0%, 7.2%, 7.6%, 8.5%, and 7.6% in previous quarters. Georgia's surge in personal tax collections continued in the first quarter with a 14.8% increase. Gains in previous quarters were 15.5%, 11.0%, 9.6%, 12.2%, and 8.0%. Collections also were up strongly for all state and local governments, with an increase of 12.5% in the latest quarter. In previous quarters the increases were much smaller at 4.1%, 6.7%, 13.1%, 5.8% and 6.9%. The one exceptional quarter reflected capital gains as a result of the tax reform act. Capital gains are not a factor this quarter, however. The relative weakness in productivity gains in Georgia may have begun impacting profitability, as corporate collections fell 0.4% from the previous year. This compared with increases of 5.7%, 4.9%, 2.9%, 26.3% and 21.2% in previous quarters. Nationwide, corporate tax collections rose an estimated 9.2% compared to increases of 18.4% and 30.3% in previous quarters. This relative weakness in corporate tax collections presents the only evidence that Georgia's economy may no longer be outperforming the nation. However, special situations in the other tax collections may be hiding a sharp slowing that may become apparent in those revenue categories during the next two years.

SUMMARY OF OUTLOOK

A slight spurt in employment gains early in 1988 will not be sustained as an oversupply of apartments and commercial space is expected to continue reducing construction opportunities into 1989. Housing activity may show a spring spurt before interest rates are expected to increase, but single family activity will again weaken more than seasonally by the fall. Even as apartment activity slowly rebounds, this weakness should prevent any improvement in construction employment until the end of next year.

Although table 1 shows smaller gains in manufacturing than would be expected by the improved environment for export activity and import substitution, Georgia should benefit from the re-industrialization of America. However, the weakness in construction will also slow construction related activity. In addition, transportation equipment will need to absorb the reduction of more than 8000 at Lockheed-Georgia and the reduced likelihood of re-establishing a shift at the Lakewood assembly plant. Also, the carpet industry will be slowing after four years of strong growth as its customers in automobiles, offices, and housing experience slowing. This prevents textiles from experiencing strong growth.

Consolidation in the trucking industry and the reduction of Eastern airline flights are reflected in the slowing of employment in transportation services. An excess of retail employment that developed in 1985 is expected to finally be removed now that organizational changes are occurring in Georgia's major department stores. Stronger employment growth than currently projected could develop in retailing during 1989, however. Weakness in housing sales has slowed real estate employment while the aftermath of the stock market crash and continuation of bank consolidations have restrained gains in financial services. Health services are continuing to grow rapidly, but business services have slowed sharply from their previous gains. Thus, slower growth in the service sector appears to be certain in the next two years.

Despite obvious areas of economic restraint, Georgia should create 60,700 jobs in 1988 and a further 54,600 jobs the following year. These gains are slower than the 91,700 new jobs created last year but are up from our estimates of three months ago. Unfortunately, the labor force is expected to increase slightly faster than job growth, leading to a slight increase in the unemployment rate.

Earnings in farming, construction, and federal civilian activity already has weakened according to the latest personal income data for Georgia. Thus, personal income only grew 6.8% in 1987. However, a spurt in property income as interest rates begin to rise should prevent any further slowing in personal income gains this year. Moreover, construction should generate increased earnings even with slightly declining jobs. Considerable slowing in earnings gains in the financial sector along with slower gains in services will restrain the gains in wage income. Nevertheless, personal income should grow nearly the same as in 1987 during the next two years. Slight reductions in personal tax liability from the tax reform act should increase disposable income by 7%. After adjustment of retail inflation, real spending should be increasing about 3.5% in 1988 and a slightly lower amount next year. As unemployment rises, unemployment insurance benefits also should increase.

Despite pockets of weakness, the Georgia economy does not show even the hint of a recession during the next two years. Construction will continue to decline while special conditions will restrain the gains in manufacturing. However, only a modest slowing in the growth of retailing should re-establish balance between sales and employment. Moreover, the current slowing in real estate and financial services probably precludes weakness later. Even as growth slows, ample employment opportunities will develop in Georgia during the next two years.

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## ATLANTA SHOWS NEITHER BOOM NOR BUST IN NEXT TWO YEARS

### RECENT CONDITIONS AND OUTLOOK

Nearly all the seasonally adjusted employment gains experienced in Georgia during the past quarter occurred in Atlanta. Growth in machinery and metals led to sharp gains in durable manufacturing payrolls. Food processing, textiles, and apparel contributed to a spurt in nondurable employment. Transportation services continued to expand strongly, while retail trade rebounded from a seasonally weak fourth quarter. Even health services and government payrolls contributed to strong employment gains. As a result, seasonally adjusted payroll employment grew at an annual rate of 5.6% during the winter months.

Unfortunately, such rapid employment gains cannot be sustained. Construction is expected to decline sharply in the latter half of 1988 and remain depressed in 1989. Reduced office construction and some slowing in public construction will account for some of this weakness. Also, the slump in apartment activity presists even if low levels of activity in the fall appear to be that market's bottom. Housing activity may spurt in the spring, but rising mortgage rates should slow single family activity later in the year and into 1989.

Construction related manufacturing activity, such as lumber and furniture, are expected to decline along with construction into 1989. Also, the Lockheed-Georgia and Lakewood auto assembly plant layoffs will dramatically reduce employment in transportation equipment. Offsetting this weakness is continued strong growth in the metals and machinery industries. Also, growth in nondurables employment should be widespread, except for the diminishing apparel industry in the metro area. Indeed, manufacturing employment should increase despite the obvious weakness in transportation equipment.

Although Delta is expanding activity at Hartsfield, Eastern is reducing its presence. The net effect of this adjustment could be some slowing in the growth of transportation services employment. Reduced growth in real purchasing power will restrain the expansion of retail employment. In addition, some consolidation of retail operations could develop from the changes in operations both at Macy's and Rich's. Financial services continue to adjust to the reduced activity on the stock exchanges following last year's stock crash. However, the largest source of slowing in Atlanta's growth is in the business services, where slow growth should persist through the next several years following an unprecedented boom in consultants during the previous five years.

The latest office market study, by Rubloff, shows a continuation of rapid absorption rates in the Atlanta market. Indeed, another record year of absorption may develop. Of course, a significant percentage of the nearly 2 million sq. ft. of additional absorption in the first quarter was for space that has only been proposed or is under construction. As existing leases have not been cancelled, these estimates certainly overstate the strength of the office market at the present time. Much of the preleasing has occurred in the CBD, Buckhead, Perimeter Center, and the Northwest quadrant. Many of these facilities would not have received financing without this early commitment. Vacancies range from 13.6% in the Perimeter area to 21.6% in the rapidly building Midtown area according to this study.

The Coldwell Banker survey shows stability at 19.0% vacant space in the suburban area but a spurt to 14.4% vacant in the downtown area as some clients leave for midtown. Nationwide, downtown vacancies remained at 16.3% while suburban overbuilding gradually subsided with vacancies falling to 22.3%. Thus, the office market remains more vibrant in Atlanta, but vacancy rates are rising. On the other hand, construction of commercial space currently is 3 million sq. ft. below previous year levels and soon should dip below absorption rates. Effective rental rates for class A space remains below $20 per sq. ft. with concessions remaining extensive in the Atlanta market.

A shift in activity to industrial construction has converted a tight market in 1984 into a glut at the present time. The Coldwell Banker report showed an increase in vacancies to 7.3% in March. This compares to a more modest rise to 5.8% for the nation. Current construction appears to be exceeding absorption by more than a million square feet, which should add further to vacancies into the summer. Some slowing of construction activity then should surface.

Apartment construction has begun to rise in Atlanta during the winter with large projects in Rockdale and Douglas joining continued activity in Clayton, Cobb and Fulton counties. Activity also is ahead of previous year levels in DeKalb, while apartment construction remains absent from Gwinnett. In the first quarter, apartment activity was nearly 30% above previous year levels. Multi-family permits also were ahead of the previous year, with almost all of this activity occurring in Gwinnett, Fulton and DeKalb. However, single family activity has slowed by more than 20%. Weakness is especially noteworthy in Gwinnett (down 47%), Cherokee (down 23%) and Spalding (down 77%). However, the only counties experiencing gains from previous year levels are Walton (up 102%), Forsyth (up 13%), Fulton (up 5%), and DeKalb (a 2% gain). In March, the southside counties of Clayton and Henry began showing strength, although Fayette remained sluggish.

Potential absorption of housing units appears to be exceeding housing activity, but much of that potential demand has not yet entered the market. As a result, the inventory of unsold housing units on the northside has increased to nearly 7 months of sales. Moreover, the slowing of employment gains will be reflected in reduced housing needs in the next two years. By 1989, housing starts may exceed absorption potential by nearly 5,000 despite continued softness in housing activity.

The first quarter spurt in apartments suggests that activity may remain near current rates during the next two years. Activity is expected to improve in DeKalb, Douglas, Fulton, Rockdale and Gwinnett despite the absence of any activity in Gwinnett so far this year. Further gains in apartment activity should surface in Douglas, Gwinnett and Rockdale in 1989. Single family increases this year are expected in Clayton, DeKalb, Douglas, Forsyth, Fulton, Henry, Newton, and Walton counties. However, weakness in Cobb and Gwinnett will more than offset these gains. Some rebound in housing activity is expected in 1989.

After a summer surge, taxable sales slumped to a 1.9% gain from previous year levels during the fall, the worst sales performance since the summer of 1975. As a result of this slump, sales only marginally exceeded gains statewide for the year. After inflation, this is consistent with less than a 4% gain in sales volumes. This is consistent with a 4% gain in retail employment during the year. However, a continuation of the weakness of the fourth quarter would ~~requi~~require further employment restraint in retail employment.

The slump in taxable sales was concentrated in only a few counties on the east side of Atlanta. Sales fell 8.8% in DeKalb following especially strong sales in the previous year. Sales were off 15.6% in Rockdale and also fell 2% in Fayette. Gwinnett recorded single digit sales gains last year for the first time since the 1974 recession. On the other hand, sales in Fulton increased 9.4% for the quarter and 9.0% for the year. Sales in other Atlanta counties were up between 5% and 8% in the fourth quarter.

Obviously, the sales slump during the fourth quarter is not expected to persist. Income gains are sufficient to support gains in taxable sales of nearly 8% in each of the next two years with no changes in savings rates. As savings rates actually rose slightly in Atlanta in 1987, the need for further consumer restraint is not so compelling. Nevertheless, the forecast is assuming slightly further increases in savings rates in generating employment gains in the trade sector during the next two years.

Despite sluggish construction, the absorption of more than 10,000 transportation equipment workers in the next two years, and restraint upon the growth of the service economy, Atlanta should be able to create 38,300 additional jobs in 1988 and another 35,600 in 1989. These gains clearly are substantially less than in recent years, but they still indicate an economy that is expanding even as some construction excesses and manufacturing imbalances are being removed. On the other hand, the Atlanta Chamber's goal of 50,000 jobs per year over the next three years will be difficult to attain.

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Table 1

Georgia Wage & Salary Employment for 1986 and 1987 with Forecasts for 1988 and 1989
(Thousands)

| | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| Industry | | | | | | | | |
| 1. Mining | 8.2 | 8.4 | 8.4 | 8.4 | 2.0 | 1.5 | 0.6 | 0.0 |
| 2. Construction | 151.9 | 151.5 | 149.6 | 148.3 | 5.7 | -0.3 | -1.2 | -0.9 |
| 3. Manufacturing | 564.6 | 569.3 | 576.4 | 580.6 | 1.3 | 0.8 | 1.2 | 0.7 |
| Durables | 222.5 | 222.0 | 223.1 | 223.2 | 1.1 | -0.2 | 0.5 | 0.0 |
| Lumber | 34.7 | 33.7 | 33.7 | 33.8 | -2.8 | -2.8 | -0.1 | 0.3 |
| Furniture | 11.8 | 12.0 | 11.8 | 11.7 | -0.8 | 1.4 | -1.4 | -0.8 |
| Stone, Clay, Glass | 20.7 | 20.6 | 20.5 | 20.4 | 4.0 | -0.4 | -0.6 | -0.5 |
| Primary Metals | 16.2 | 16.2 | 16.5 | 16.7 | -1.9 | 0.1 | 1.7 | 1.2 |
| Fabricated Metals | 20.7 | 20.8 | 21.2 | 21.6 | 0.3 | 0.1 | 1.9 | 1.9 |
| Nonelectrical Machinery | 25.7 | 26.2 | 28.0 | 28.8 | -1.3 | 2.2 | 6.7 | 2.9 |
| Electrical Machinery | 29.4 | 29.5 | 30.0 | 30.5 | 6.4 | 0.3 | 1.6 | 1.7 |
| Transportation Equipment | 51.0 | 50.6 | 48.7 | 46.6 | 4.0 | -0.9 | -3.8 | -4.3 |
| Other Durables | 12.2 | 12.3 | 12.7 | 13.1 | -3.4 | 1.3 | 3.2 | 3.1 |
| Nondurables | 342.1 | 347.4 | 353.3 | 357.4 | 1.5 | 1.5 | 1.7 | 1.2 |
| Food | 60.6 | 60.8 | 62.2 | 63.1 | 2.3 | 0.3 | 2.3 | 1.4 |
| Textiles | 102.9 | 107.2 | 108.9 | 109.6 | 2.1 | 4.2 | 1.6 | 0.6 |
| Apparel | 69.0 | 67.8 | 67.7 | 68.0 | -2.0 | -1.7 | -0.2 | 0.4 |
| Paper | 30.8 | 31.2 | 32.3 | 33.1 | 1.7 | 1.2 | 3.6 | 2.5 |
| Printing | 36.1 | 37.1 | 38.5 | 39.3 | 5.8 | 2.9 | 3.7 | 2.1 |
| Chemicals | 19.3 | 19.2 | 19.3 | 19.5 | 0.0 | -0.6 | 0.4 | 1.0 |
| Leather | 1.6 | 1.6 | 1.6 | 1.5 | -3.6 | -1.0 | 2.6 | -6.3 |
| Other Nondurables | 21.8 | 22.5 | 22.8 | 23.3 | 2.9 | 3.2 | 1.3 | 2.2 |
| 4. Transportation, Comm. & Utilities | 168.3 | 174.6 | 177.2 | 180.4 | 3.2 | 3.8 | 1.5 | 1.8 |
| 5. Trade | 667.4 | 692.1 | 704.4 | 718.9 | 3.8 | 3.7 | 1.8 | 2.1 |
| Wholesale | 195.9 | 200.1 | 200.6 | 202.5 | 0.3 | 2.2 | 0.3 | 0.9 |
| Retail | 471.6 | 492.1 | 503.8 | 516.4 | 5.4 | 4.3 | 2.4 | 2.5 |
| 6. Finance, Ins. & Real Estate | 146.1 | 155.1 | 157.5 | 160.6 | 6.8 | 6.2 | 1.5 | 2.0 |
| 7. Services | 503.2 | 536.0 | 560.8 | 578.9 | 7.2 | 6.5 | 4.6 | 3.2 |
| 8. Government | 462.3 | 476.1 | 489.5 | 502.3 | 3.0 | 3.0 | 2.8 | 2.6 |
| Federal | 96.9 | 99.3 | 100.4 | 101.9 | 2.8 | 2.5 | 1.1 | 1.5 |
| State | 107.7 | 111.3 | 114.4 | 117.9 | 2.8 | 3.3 | 2.8 | 3.1 |
| Local | 257.7 | 265.4 | 274.7 | 282.5 | 3.2 | 3.0 | 3.5 | 2.8 |
| Total Wage & Salary Employment | 2671.9 | 2763.1 | 2823.8 | 2878.4 | 4.0 | 3.4 | 2.2 | 1.9 |
| Unemployment Rate | 5.9 | 5.3 | 5.7 | 6.1 | -9.2 | -10.2 | 7.5 | 7.0 |

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Table 2

## Georgia Personal Income for 1986 and 1987 with Forecasts for 1988 and 1989
(Millions of Dollars)

| | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Wage & Salary Income | 53041 | 57007 | 60430 | 64420 | 9.1 | 7.5 | 6.0 | 6.6 |
| 2. Other Labor Income | 4913 | 5224 | 5502 | 5788 | 8.4 | 6.3 | 5.3 | 5.2 |
| 3. Proprietors' Income | 6244 | 6744 | 7374 | 8062 | 14.6 | 8.0 | 9.3 | 9.3 |
| Farm | 1003 | 1001 | 1068 | 1277 | 22.5 | -0.2 | 6.7 | 19.6 |
| Nonfarm | 5241 | 5743 | 6306 | 6785 | 13.2 | 9.6 | 9.8 | 7.6 |
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Farm | 1152 | 1153 | 1226 | 1443 | 19.1 | 0.1 | 6.3 | 17.7 |
| 2. Mining | 330 | 372 | 404 | 426 | 6.1 | 13.0 | 8.6 | 5.4 |
| 3. Contract Construction | 4484 | 4443 | 4596 | 4715 | 14.5 | -0.9 | 3.4 | 2.6 |
| 4. Manufacturing | 13016 | 13688 | 14397 | 15074 | 7.8 | 5.2 | 5.2 | 4.7 |
| Durables | 5826 | 6035 | 6238 | 6490 | 7.7 | 3.6 | 3.4 | 4.0 |
| Nondurables | 7189 | 7652 | 8159 | 8584 | 7.9 | 6.4 | 6.6 | 5.2 |
| 5. Transportation & Utilities | 5763 | 6276 | 6648 | 7108 | 6.5 | 8.9 | 5.9 | 6.9 |
| 6. Trade | 12344 | 13186 | 13787 | 14695 | 6.7 | 6.8 | 4.6 | 6.6 |
| Wholesale | 5794 | 6151 | 6398 | 6781 | 5.1 | 6.2 | 4.0 | 6.0 |
| Retail | 6550 | 7035 | 7389 | 7914 | 8.2 | 7.4 | 5.0 | 7.1 |
| 7. Finance, Ins. & Real Estate | 4169 | 4721 | 5041 | 5423 | 18.1 | 13.2 | 6.8 | 7.6 |
| 8. Services | 12140 | 13542 | 14837 | 16158 | 13.4 | 11.6 | 9.6 | 8.9 |
| 9. Other Industries | 270 | 278 | 293 | 308 | 13.7 | 2.8 | 5.4 | 5.1 |
| 10. Government | 10533 | 11318 | 12077 | 12920 | 6.5 | 6.5 | 6.7 | 7.0 |
| Federal Civilian | 2485 | 2549 | 2684 | 2819 | -0.2 | -0.2 | 5.3 | 5.0 |
| Federal Military | 1479 | 1511 | 1639 | 1767 | 4.5 | 4.5 | 8.5 | 7.8 |
| State & Local | 6569 | 7259 | 7754 | 8334 | 9.7 | 9.7 | 6.8 | 5.3 |
| Plus: | | | | | | | | |
| Property Income | 11158 | 11765 | 13020 | 13840 | 8.0 | 5.4 | 10.7 | 6.3 |
| State U.I. Benefits | 227 | 240 | 239 | 293 | 7.6 | 5.6 | -0.4 | 22.6 |
| Other Transfers | 10360 | 10887 | 11508 | 12187 | 5.5 | 5.1 | 5.7 | 5.9 |
| Residence Adjustment | -193 | -207 | -224 | -243 | 30.4 | 7.3 | 8.2 | 8.5 |
| Less: Social Ins. Contributions | 3648 | 3940 | 4387 | 4741 | 10.1 | 8.0 | 11.3 | 8.1 |
| Equals: Total Personal Income | 82103 | 87720 | 93462 | 99606 | 8.7 | 6.8 | 6.5 | 6.6 |
| Nonfarm Personal Income | 80951 | 86567 | 92236 | 98163 | 8.6 | 6.9 | 6.5 | 6.4 |
| % of U.S. Nonfarm | 2.33 | 2.34 | 2.36 | 2.39 | --- | --- | --- | --- |
| Population | 6104 | 6222 | 6335 | 6444 | 2.16 | 1.93 | 1.82 | 1.72 |

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Table 3 Atlanta MSA Wage and Salary Employment for 1986 and 1987 with Forecasts for 1988 and 1989
(Thousands)

| Industry | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| 1. Mining | 1.3 | 1.4 | 1.4 | 1.4 | 6.8 | 7.7 | 0.0 | 0.0 |
| 2. Contract Construction | 74.0 | 72.9 | 70.6 | 70.1 | 3.2 | -1.5 | -3.1 | -0.7 |
| 3. Manufacturing | 191.1 | 187.9 | 190.0 | 190.4 | 2.9 | -1.7 | 1.1 | 0.2 |
| Durables | 100.4 | 97.1 | 97.0 | 95.6 | 3.0 | -3.2 | -0.1 | -1.4 |
| Lumber | 5.0 | 5.1 | 5.1 | 5.0 | 2.5 | 0.7 | 1.0 | -2.0 |
| Furniture | 4.4 | 4.2 | 4.1 | 4.0 | -6.8 | -5.1 | -1.9 | -2.4 |
| Stone, Clay, Glass | 9.8 | 9.4 | 9.0 | 8.8 | 3.6 | -4.3 | -4.1 | -2.2 |
| Primary Metals | 7.0 | 6.9 | 6.6 | 6.8 | 1.6 | -1.2 | -4.1 | 3.0 |
| Fabricated Metals | 9.5 | 9.6 | 10.1 | 10.7 | 2.7 | 0.3 | 5.8 | 5.9 |
| Nonelectrical Machinery | 10.5 | 10.4 | 11.2 | 11.9 | 0.7 | -1.2 | 7.7 | 6.3 |
| Electrical Machinery | 15.5 | 14.7 | 15.0 | 15.4 | 8.8 | -5.3 | 2.4 | 2.7 |
| Transportation Equipment | 33.0 | 31.4 | 30.2 | 27.1 | 3.6 | -4.7 | -3.9 | -10.3 |
| Other Durables | 5.7 | 5.6 | 5.7 | 5.9 | -0.6 | -1.6 | 2.0 | 3.5 |
| Nondurables | 90.7 | 90.7 | 93.0 | 94.8 | 2.8 | 0.0 | 2.5 | 1.9 |
| Food | 22.0 | 21.2 | 21.8 | 22.3 | 6.5 | -3.3 | 2.6 | 2.3 |
| Textiles | 7.1 | 7.4 | 7.6 | 7.8 | -5.6 | 3.9 | 3.0 | 2.6 |
| Apparel | 12.3 | 11.6 | 11.8 | 11.7 | -3.0 | -5.6 | 1.5 | -0.8 |
| Paper | 8.9 | 9.2 | 9.5 | 9.7 | 3.2 | 3.5 | 3.3 | 2.1 |
| Printing | 22.4 | 22.7 | 23.2 | 23.7 | 4.3 | 1.1 | 2.4 | 2.2 |
| Chemicals | 9.3 | 9.2 | 9.4 | 9.6 | -1.9 | -1.2 | 2.0 | 2.1 |
| Other Nondurables | 8.7 | 9.4 | 9.7 | 10.0 | 12.3 | 8.4 | 3.1 | 3.1 |
| 4. Transportation, Comm. & Utilities | 109.4 | 114.9 | 118.7 | 121.3 | 4.3 | 5.1 | 3.3 | 2.2 |
| 5. Trade | 366.3 | 378.5 | 386.8 | 396.7 | 4.5 | 3.3 | 2.2 | 2.6 |
| Wholesale | 128.3 | 131.0 | 132.2 | 133.6 | 2.3 | 2.1 | 0.9 | 1.1 |
| Retail | 238.0 | 247.5 | 254.6 | 263.1 | 5.7 | 4.0 | 2.9 | 3.3 |
| 6. Finance, Ins. and Real Estate | 93.4 | 98.1 | 100.3 | 103.6 | 5.1 | 5.0 | 2.3 | 3.3 |
| 7. Services | 302.7 | 319.7 | 333.4 | 345.8 | 7.5 | 5.6 | 4.3 | 3.7 |
| 8. Government | 185.5 | 194.1 | 204.6 | 212.3 | 4.2 | 4.6 | 5.4 | 3.8 |
| Federal | 39.9 | 42.1 | 43.5 | 44.7 | 4.1 | 5.7 | 3.3 | 2.8 |
| State | 36.9 | 38.9 | 40.8 | 42.4 | 4.1 | 5.4 | 4.8 | 3.9 |
| Local | 108.7 | 113.1 | 120.3 | 125.2 | 4.3 | 4.0 | 6.4 | 4.1 |
| Total Wage & Salary Employment | 1323.6 | 1367.5 | 1405.8 | 1441.6 | 4.8 | 3.3 | 2.8 | 2.5 |
| Unemployment Rate | 4.5 | 4.4 | 4.6 | 5.0 | -10.0 | -2.2 | 4.5 | 8.7 |

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Table 4 Atlanta MSA Personal Income for 1986 with Forecasts for 1987 through 1989
(Millions of Dollars)

| | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Wage & Salary Income | 29235 | 31339 | 33415 | 35638 | 10.3 | 7.2 | 6.6 | 6.7 |
| 2. Other Labor Income | 2963 | 3170 | 3351 | 3545 | 9.0 | 7.0 | 5.7 | 5.8 |
| 3. Proprietors' Income | 2054 | 2264 | 2468 | 2670 | 14.9 | 10.2 | 9.0 | 8.2 |
| Farm | 105 | 110 | 97 | 112 | 20.6 | 4.8 | -11.8 | 15.5 |
| Nonfarm | 1949 | 2154 | 2371 | 2558 | 14.0 | 10.5 | 10.1 | 7.9 |
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Farm | 122 | 129 | 118 | 136 | 18.4 | 5.7 | -8.5 | 15.3 |
| 2. Contract Construction | 2091 | 2048 | 2079 | 2137 | 14.4 | -2.1 | 1.5 | 2.8 |
| 3. Manufacturing | 5404 | 5533 | 5797 | 6032 | 9.4 | 2.4 | 4.8 | 4.1 |
| Durables | 3153 | 3172 | 3261 | 3346 | 8.9 | 0.6 | 2.8 | 2.6 |
| Nondurables | 2251 | 2361 | 2536 | 2686 | 10.0 | 4.9 | 7.4 | 5.9 |
| 4. Transportation & Utilities | 4121 | 4541 | 4891 | 5248 | 7.8 | 10.2 | 7.7 | 7.3 |
| 5. Trade | 7915 | 8432 | 8853 | 9468 | 7.9 | 6.5 | 5.0 | 6.9 |
| Wholesale | 4464 | 4736 | 4954 | 5261 | 7.1 | 6.1 | 4.6 | 6.2 |
| Retail | 3451 | 3696 | 3899 | 4207 | 8.9 | 7.1 | 5.5 | 7.9 |
| 6. Finance, Ins. & Real Estate | 3083 | 3453 | 3715 | 4046 | 17.8 | 12.0 | 7.6 | 8.9 |
| 7. Services | 7183 | 7952 | 8691 | 9508 | 13.6 | 10.7 | 9.3 | 9.4 |
| 8. Other Industries | 166 | 166 | 174 | 183 | 12.1 | 0.0 | 4.7 | 5.3 |
| 9. Government | 4167 | 4519 | 4916 | 5231 | 7.4 | 8.4 | 8.8 | 6.4 |
| Federal Civilian | 1123 | 1157 | 1243 | 1322 | 1.5 | 3.0 | 7.5 | 6.3 |
| Federal Military | 230 | 238 | 253 | 270 | 3.0 | 3.6 | 6.2 | 6.5 |
| State & Local | 2814 | 3124 | 3420 | 3639 | 10.4 | 11.0 | 9.5 | 6.4 |
| Plus: | | | | | | | | |
| Property Income | 5776 | 6117 | 6826 | 7270 | 8.2 | 5.9 | 11.6 | 6.5 |
| Transfer Payments | 3411 | 3599 | 3789 | 4062 | 6.3 | 5.5 | 5.3 | 7.2 |
| Residence Adjustment | -1243 | -1258 | -1272 | -1296 | 5.2 | 1.2 | 1.1 | 1.9 |
| Less: Social Ins. Contributions | 2165 | 2332 | 2612 | 2824 | 8.2 | 7.7 | 12.0 | 8.1 |
| Equals: Total Personal Income | 40031 | 42899 | 45965 | 49065 | 10.1 | 7.2 | 7.1 | 6.7 |
| Nonfarm Personal Income | 39909 | 42770 | 45847 | 48929 | 10.1 | 7.2 | 7.2 | 6.7 |
| % of Georgia Nonfarm | 49.33 | 49.41 | 49.71 | 49.84 | --- | --- | --- | --- |
| Population (#,Thousands) | 2560 | 2642 | 2717 | 2781 | 3.57 | 3.20 | 2.84 | 2.36 |

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Table 5

### Seasonally Adjusted Nonagricultural Employment
(Thousands)

| | Georgia | | | | | | Atlanta | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 87-1 | 87-2 | 87-3 | 87-4(r) | 88-1(p) | Mar(p) | 87-1 | 87-2 | 87-3 | 87-4(r) | 88-1(p) | Mar(p) |
| Total | 2740.9 | 2756.8 | 2771.3 | 2783.3 | 2806.8 | 2805.9 | 1360.4 | 1367.4 | 1366.7 | 1375.4 | 1394.2 | 1392.3 |
| Mining | 8.4 | 8.3 | 8.3 | 8.3 | 8.5 | 8.5 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Contract Construction | 152.8 | 148.7 | 150.4 | 153.9 | 153.0 | 152.4 | 74.5 | 72.1 | 71.9 | 73.0 | 72.3 | 72.3 |
| Manufacturing | 565.0 | 569.9 | 570.2 | 572.3 | 575.3 | 576.2 | 187.3 | 189.1 | 187.5 | 187.7 | 190.3 | 190.3 |
| Durables | 220.7 | 222.8 | 222.0 | 222.5 | 224.1 | 223.8 | 97.1 | 98.3 | 96.5 | 96.7 | 98.0 | 97.7 |
| Lumber | 34.0 | 33.7 | 33.5 | 33.6 | 33.9 | 34.0 | 5.1 | 4.9 | 5.0 | 5.2 | 5.1 | 5.1 |
| Furniture | 11.8 | 11.9 | 12.1 | 12.1 | 12.0 | 11.9 | 4.1 | 4.1 | 4.2 | 4.3 | 4.2 | 4.1 |
| Stone, Clay, Glass | 20.7 | 21.0 | 20.4 | 20.4 | 20.6 | 20.5 | 9.5 | 9.7 | 9.3 | 9.0 | 9.2 | 9.1 |
| Primary Metals | 16.4 | 16.5 | 16.0 | 16.1 | 16.4 | 16.4 | 7.1 | 7.2 | 6.6 | 6.6 | 6.7 | 6.6 |
| Fabricated Metals | 20.6 | 20.9 | 20.9 | 20.7 | 20.8 | 20.9 | 9.5 | 9.7 | 9.5 | 9.6 | 9.9 | 10.0 |
| Nonelectrical Machinery | 25.4 | 26.0 | 26.4 | 27.1 | 27.6 | 27.6 | 10.2 | 10.4 | 10.5 | 10.7 | 11.2 | 11.0 |
| Electrical Machinery | 29.5 | 29.5 | 29.8 | 29.4 | 29.7 | 29.7 | 14.7 | 14.7 | 14.7 | 14.5 | 14.6 | 14.8 |
| Transportation Equipment | 50.0 | 50.8 | 50.7 | 50.9 | 50.6 | 50.3 | 31.5 | 32.1 | 31.2 | 31.0 | 31.6 | 31.4 |
| Other Durables | 12.3 | 12.4 | 12.3 | 12.2 | 12.5 | 12.5 | 5.5 | 5.6 | 5.6 | 5.7 | 5.6 | 5.7 |
| Nondurables | 344.3 | 347.1 | 348.1 | 349.9 | 351.1 | 352.5 | 90.2 | 90.7 | 91.0 | 91.0 | 92.3 | 92.6 |
| Food | 60.5 | 60.4 | 60.9 | 61.5 | 61.7 | 62.3 | 21.2 | 21.3 | 21.3 | 21.2 | 21.6 | 21.8 |
| Textiles | 106.2 | 106.6 | 107.9 | 107.9 | 108.5 | 108.7 | 7.4 | 7.3 | 7.4 | 7.4 | 7.6 | 7.6 |
| Apparel | 67.6 | 68.6 | 67.6 | 67.5 | 67.4 | 67.7 | 11.9 | 11.7 | 11.5 | 11.4 | 11.7 | 11.8 |
| Paper | 31.2 | 31.1 | 30.6 | 31.8 | 32.0 | 32.0 | 9.0 | 9.2 | 9.3 | 9.3 | 9.4 | 9.4 |
| Printing | 36.5 | 36.9 | 37.2 | 37.9 | 38.2 | 38.3 | 22.4 | 22.6 | 22.7 | 23.0 | 22.9 | 23.1 |
| Chemicals | 18.9 | 19.1 | 19.4 | 19.5 | 19.4 | 19.2 | 9.0 | 9.1 | 9.3 | 9.4 | 9.4 | 9.3 |
| Leather | 1.4 | 1.6 | 1.7 | 1.6 | 1.5 | 1.6 | --- | --- | --- | --- | --- | --- |
| Other Nondurables | 22.1 | 22.9 | 22.8 | 22.3 | 22.5 | 22.7 | 9.3 | 9.5 | 9.4 | 9.4 | 9.6 | 9.6 |
| Transportation, Comm. & Util. | 172.2 | 175.2 | 175.0 | 176.1 | 176.0 | 176.6 | 111.9 | 115.1 | 115.8 | 116.9 | 117.5 | 118.3 |
| Trade | 690.9 | 692.1 | 694.7 | 690.9 | 700.4 | 700.0 | 379.5 | 378.8 | 379.0 | 376.6 | 383.0 | 381.6 |
| Wholesale | 201.2 | 200.3 | 198.8 | 200.0 | 201.0 | 200.9 | 131.6 | 131.5 | 130.2 | 130.6 | 132.3 | 132.0 |
| Retail | 489.7 | 491.7 | 495.9 | 490.9 | 499.3 | 499.1 | 247.9 | 247.4 | 248.9 | 246.0 | 250.7 | 249.6 |
| Finance, Ins. & Real Estate | 153.2 | 154.5 | 156.1 | 156.6 | 157.3 | 157.2 | 96.7 | 98.0 | 98.8 | 98.7 | 99.6 | 99.6 |
| Services | 527.8 | 533.5 | 536.8 | 546.0 | 552.3 | 549.2 | 316.0 | 317.9 | 320.6 | 324.4 | 328.6 | 326.5 |
| Government | 470.5 | 474.6 | 479.9 | 479.2 | 484.1 | 485.8 | 193.2 | 195.0 | 191.6 | 196.7 | 201.5 | 202.3 |
| Federal | 98.4 | 98.8 | 99.5 | 100.4 | 99.9 | 100.4 | 41.1 | 41.7 | 42.4 | 43.3 | 43.0 | 43.4 |
| State and Local | 372.1 | 375.9 | 380.4 | 378.7 | 384.2 | 385.4 | 152.0 | 153.3 | 149.3 | 153.4 | 158.5 | 158.9 |
| State | 110.9 | 110.7 | 111.5 | 112.2 | 113.8 | 113.6 | 38.6 | 39.5 | 38.5 | 39.1 | 40.4 | 40.5 |
| Local | 261.2 | 265.1 | 268.9 | 266.6 | 270.5 | 271.7 | 113.5 | 113.7 | 110.8 | 114.3 | 118.1 | 118.4 |

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Table 6 Metro Atlanta Housing Permits for 1985 through 1987 with Forecasts through 1989

| | 1985 | | 1986 | | 1987 | | 1988 | | 1989 | |
|---|---|---|---|---|---|---|---|---|---|---|
| County | single | multi | single | multi | single | multi | single | multi | single | multi |
| Butts | 66 | 4 | 64 | 0 | 92 | 0 | 75 | 0 | 80 | 0 |
| Cherokee | 1632 | 155 | 2450 | 265 | 1799 | 17 | 1530 | 20 | 1610 | 40 |
| Clayton | 1408 | 1424 | 1559 | 1832 | 1371 | 1882 | 1480 | 1550 | 1560 | 1310 |
| Cobb | 5713 | 3003 | 5875 | 3922 | 4937 | 2816 | 4590 | 2350 | 4620 | 2160 |
| DeKalb | 2686 | 4302 | 3265 | 3647 | 2712 | 3269 | 2750 | 3340 | 2730 | 3150 |
| Douglas | 702 | 189 | 779 | 242 | 775 | 0 | 790 | 410 | 840 | 560 |
| Fayette | 692 | 0 | 822 | 15 | 907 | 0 | 810 | 0 | 870 | 20 |
| Forsyth | 718 | 76 | 782 | 88 | 735 | 36 | 810 | 30 | 850 | 50 |
| Fulton | 3048 | 4143 | 3416 | 4259 | 3311 | 2625 | 3530 | 2760 | 3420 | 2550 |
| Gwinnett | 6905 | 4112 | 5728 | 4062 | 4819 | 436 | 4130 | 860 | 4420 | 1060 |
| Henry | 899 | 126 | 1322 | 164 | 1457 | 132 | 1470 | 100 | 1540 | 130 |
| Newton | 311 | 14 | 373 | 62 | 517 | 6 | 560 | 10 | 620 | 20 |
| Paulding | 718 | 0 | 927 | 6 | 1011 | 0 | 960 | 0 | 980 | 20 |
| Rockdale | 692 | 120 | 1075 | 283 | 971 | 161 | 850 | 280 | 860 | 360 |
| Walton | 286 | 0 | 343 | 0 | 489 | 0 | 650 | 0 | 730 | 0 |
| Total | 26476 | 17668 | 28780 | 18847 | 25903 | 11380 | 24985 | 11710 | 25730 | 11430 |
| % Change From Previous Year | +22.7 | -8.5 | +8.7 | +6.7 | -10.0 | -39.6 | -3.5 | +2.9 | +3.0 | -2.4 |
| % Change in Total (single + multi) | +7.8 | | +7.9 | | -21.7 | | -1.6 | | +1.3 | |
| Estimated Potential Absorption (000) | 48.0 | | 44.0 | | 41.4 | | 37.9 | | 32.3 | |

Source: Homebuilders Association of Metro Atlanta

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Table 7

## Georgia Employment in 1992

| | 1986 | 1992 | % Change | Annual Rate | Previous Annual Rate |
|---|---|---|---|---|---|
| Mining | 8.2 | 8.7 | 6.1 | 1.0 | 2.5 |
| Construction | 151.9 | 163.3 | 7.5 | 1.2 | 2.3 |
| Manufacturing | 564.6 | 609.6 | 8.0 | 1.3 | 1.5 |
| Durables: | 222.5 | 237.9 | 6.9 | 1.1 | 1.4 |
| Lumber | 34.7 | 34.6 | -0.3 | -0.1 | -0.3 |
| Furniture | 11.8 | 12.1 | 2.5 | 0.4 | -0.1 |
| Stone, Clay, Glass | 20.7 | 21.1 | 1.9 | 0.3 | 1.2 |
| Primary Metals | 16.2 | 17.3 | 6.8 | 1.1 | -0.3 |
| Fabricated Metals | 20.7 | 23.1 | 11.6 | 1.8 | 1.1 |
| Nonelectrical Machinery | 25.7 | 32.4 | 26.1 | 3.9 | 1.8 |
| Electrical Machinery | 29.4 | 32.6 | 10.9 | 1.7 | 3.5 |
| Transportation Equipment | 51.0 | 50.3 | -1.4 | -0.2 | 2.2 |
| Other Durables | 12.2 | 14.4 | 18.0 | 2.8 | 1.0 |
| Nondurables: | 342.1 | 371.7 | 8.7 | 1.4 | 1.6 |
| Food | 60.6 | 67.4 | 11.2 | 1.8 | 2.3 |
| Textiles | 102.9 | 108.3 | 5.2 | 0.9 | 0.8 |
| Apparel | 69.0 | 68.5 | -0.7 | -0.1 | 0.2 |
| Paper | 30.8 | 36.1 | 17.2 | 2.7 | 2.9 |
| Printing | 36.1 | 44.0 | 21.9 | 3.4 | 4.6 |
| Chemicals | 19.3 | 20.1 | 4.1 | 0.7 | 0.7 |
| Leather | 1.6 | 1.4 | -12.5 | -2.2 | -9.1 |
| Other Nondurables | 21.8 | 25.9 | 18.8 | 2.9 | 1.5 |
| Transportation, Comm. & Utilities | 168.3 | 191.8 | 14.0 | 2.2 | 1.8 |
| Trade: | 667.4 | 787.7 | 18.0 | 2.8 | 3.8 |
| Wholesale | 195.9 | 213.9 | 9.2 | 1.5 | 2.3 |
| Retail | 471.6 | 573.8 | 21.7 | 3.3 | 4.4 |
| Finance, Ins. & Real Estate | 146.1 | 178.6 | 22.2 | 3.4 | 5.3 |
| Services | 508.3 | 661.5 | 31.4 | 4.7 | 5.8 |
| Government: | 462.3 | 549.8 | 18.9 | 2.9 | 1.7 |
| Federal | 96.9 | 103.6 | 6.9 | 1.1 | 1.2 |
| State | 107.7 | 129.8 | 20.5 | 3.2 | 2.2 |
| Local | 257.7 | 316.4 | 22.8 | 3.5 | 1.6 |
| Total Wage & Salary | 2671.9 | 3151.0 | 17.9 | 2.8 | 3.2 |
| Population | 6104 | 6738 | 10.4 | 1.66 | 1.85 |

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Table 8

## Georgia Personal Income in 1992

| | 1986 | 1992 | % Change | Annual Rate | Previous Estimated Growth Path |
|---|---|---|---|---|---|
| Labor & Proprietors' Income : | | | | | |
| 1. Wage & Salary Income | 53041 | 82608 | 55.7 | 7.7 | 8.1 |
| 2. Other Labor Income | 4913 | 6819 | 38.8 | 5.6 | 8.5 |
| 3. Proprietors' Income: | 6244 | 10177 | 63.0 | 8.5 | 10.4 |
| Farm | 1003 | 1393 | 38.9 | 5.6 | 7.5 |
| Nonfarm | 5241 | 8784 | 67.6 | 9.0 | 10.8 |
| Labor & Proprietors' Income: | | | | | |
| 1. Farm | 1152 | 1586 | 37.7 | 5.5 | 7.2 |
| 2. Mining | 330 | 518 | 57.0 | 7.8 | 6.6 |
| 3. Contract Construction | 4484 | 6097 | 36.0 | 5.3 | 7.4 |
| 4. Manufacturing: | 13016 | 18196 | 39.8 | 5.7 | 6.3 |
| Durables | 5826 | 8008 | 37.5 | 5.4 | 6.1 |
| Nondurables | 7189 | 10188 | 41.7 | 6.0 | 6.4 |
| 5. Transportation, Comm. & Utilities | 5763 | 8874 | 54.0 | 7.5 | 6.5 |
| 6. Trade: | 12344 | 18618 | 50.8 | 7.1 | 7.7 |
| Wholesale | 5763 | 8292 | 43.9 | 6.3 | 6.8 |
| Retail | 6550 | 10326 | 57.7 | 7.9 | 8.4 |
| 7. Finance, Insurance & Real Estate | 4169 | 7183 | 72.3 | 9.5 | 11.5 |
| 8. Services | 12140 | 21680 | 78.6 | 10.2 | 12.0 |
| 0. Other Industries | 270 | 362 | 34.1 | 5.0 | 9.7 |
| 10. Government: | 10533 | 16490 | 56.6 | 7.8 | 7.4 |
| Federal Civilian | 2485 | 3318 | 33.5 | 4.9 | 5.2 |
| Federal Military | 1479 | 2111 | 42.7 | 6.1 | 8.5 |
| State & Local | 6569 | 11061 | 68.4 | 9.1 | 7.9 |
| Plus: | | | | | |
| Property Income | 11158 | 17034 | 52.7 | 7.3 | 5.9 |
| State (U.I.) Benefits* | 227 | 346 | 52.4 | 7.3 | 7.0 |
| Transfer Payments | 10360 | 14721 | 42.1 | 6.0 | 6.1 |
| Residence Adjustment | -193 | -268 | ---- | --- | --- |
| Less: Social Ins. Contributions | 3648 | 6505 | 78.3 | 10.1 | 10.1 |
| Equals: Total Personal Income | 82103 | 124932 | 52.2 | 7.3 | 7.7 |
| Real Personal Income** | 33443 | 38008 | 13.7 | 2.2 | 2.6 |
| Atlanta CPI | 245.5 | 328.7 | 33.9 | 5.0 | 5.0 |

** Assuming CPI rises 5.0% per year, adjusted to reflect difference from national purchasing power, and to eliminate CPI bias.
* Assuming 4.5% unemployment rate in 1992.

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# ECONOMIC FORECASTING CENTER

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Dr. Donald Ratajczak, Director

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# GEORGIA'S ECONOMIC GROWTH SAGGING BEHIND NATION

Dr. Donald Ratajczak
Director
Economic Forecasting Center

## Summary

Although near-term prospects for the national economy continue to improve, no improvement is apparent in Georgia. During the first quarter, nonfarm personal income in Georgia grew only 0.7% as compared to a 1.0% gain nationwide. Although payrolls grew nearly 4% at annual rates in the nation during the spring, preliminary seasonally adjusted data show an actual decline in Georgia. The gross state product in Georgia after adjustment for inflation may grow only 2.5% in 1988 and 1989. This compares with nearly 4% nationwide in 1988.

Led by sharp reductions in employment and transportation equipment, manufacturing employment should fall slightly in Georgia this year. Weakness also is developing in wholesale trade and federal payrolls, especially defense payrolls. Thus, employment gains in Georgia during 1988 should average only 1.1% following 3.4% gains in 1987. A slight rebound to a gain of 2.1% is anticipated for 1989 as a slump in construction begins to stabilize and as weakness in transportation equipment begins to subside. Also, current weakness in retail sales and in the finance sector should have run their course by next year.

Even as unemployment will continue to fall nationwide into 1989, unemployment in Georgia should be trending upward to 6.0% in 1988 and 6.4% in 1989 from a low 5.3% in 1987.

Nonfarm personal income is expected to grow at national rates both in 1988 and 1989 with expansion at 6.5% and 6.8% respectively. A rebound is expected in the farm economy in 1989 as the poultry industry builds upon current increased demand and as crop farmers recover from this year's drought conditions.

Because of reduced employment opportunities, population gains in Georgia are expected to slow significantly from more than 1.9% in 1987 to only slightly more than a 1.6% gain in 1989.

A surprising dip in tax collections at the end of the fiscal year led to only an 8.8% gain in revenues. Revenue growth will be decidedly slower in the next two fiscal years with gains of only 7.5% in each of those years currently being anticipated. Next fiscal year's gains are slightly less than anticipated in the governor's budget, and could cause a mild budgetary embarrassment.

Although employment opportunities are dwindling, especially in transportation equipment, construction-based manufacturing, and the construction industry, the expansion in manufacturing nationwide will not completely pass Georgia by. Strong employment gains are anticipated for nonelectrical machinery and printing. In addition, following current adjustments in retail trade, more substantial expansion of retail activity should develop next year. For these reasons, a recession does not appear to be developing in Georgia at the present time, although economic growth has slowed to below normal rates of expansion.

## Recent Conditions

Preliminary data suggest that payroll employment actually declined after seasonal adjustment during the second quarter. While our coincident indicators definitely reveal a significant slowing in Georgia's rate of growth, a slowing that is also apparent in revenue collections, an actual decline in economic activity does not appear to be likely. Indeed, preliminary second-quarter employment data normally understate employment both in Georgia and Atlanta. When benchmark revisions are completed in subsequent years, this preliminary dip normally is eliminated. For that reason, a measured 13,300 decline in seasonally adjusted employment during the second quarter should not be viewed with serious alarm. On the other hand, there is little doubt that Georgia's economy continues to slow.

Employment weakness in the second quarter was largely concentrated in durable manufacturing, construction, and retail trade. The finance sector also continued to show weakness as brokerage houses continued to shrink following last year's stock market crash. A dip in federal civilian workers on defense budgets was not anticipated. Within durable goods, most of the weakness is in transportation equipment, where layoffs at Lockheed and reductions in work at the Lakewood auto assembly plant sharply reduced employment. Further employment weakness is expected in that sector. Employment also dipped in furniture, the stone clay group, the metals industries, food processing, yarn and apparel production, and even the paper industry. Meaningful employment strength was observed only in nonelectrical machinery, printing, communications, real estate, and services, especially health services. Local government payrolls also expanded sharply.

Georgia's weakness in personal income gains would have been even more significant if not for a smaller decrease in farm personal income than nationally. The only Georgia sector aside from farming performing better than nationwide was state and local payrolls. Obviously, they cannot continue to do so if the remainder of the Georgia economy remains sluggish. Georgia construction earnings fell 3.3% while they were growing 0.9% in the nation during the first quarter. Manufacturing earnings increased only 0.7% versus 1.3% nationwide as earnings in nondurable goods industries rose 0.9% while they were increasing only 0.3% in Georgia. Earnings in Georgia services showed a surprising decline, although a decline also was registered nationwide. Most other sectors showed only modestly slower rates of gain for earnings than nationwide. Fortunately, property income grew more rapidly in Georgia than in the nation (1.0% vs. 0.9%). However, Georgia small business does not appear to have fared well, as nonfarm proprietors' income grew only 0.8% versus 1.5% for the nation. In the first quarter of 1988, Georgia accounted for 2.36% of U.S. nonfarm personal income, up from 2.31% two years previously.

Above U.S. average concentrations existed for nondurable goods (3.72% of the nation), military (3.62%), wholesale trade (3.57%), and the transportation group (3.36%). Unusually low earnings concentrations exist for mining (1.07%), and durable goods (1.75%). In addition, state unemployment benefits were only 1.63% of the nation while property income totaled only 1.91%. In both cases, however, Georgia's share of the nation continued to grow.

Georgia's personal income should continue trailing the national gains in the second quarter. More conformity with national personal income gains then should be anticipated in the second half of 1988.

Georgia's coincident indicators continued to grow slowly in the second quarter, with the important hours worked index showing declines in May and June. Farm receipts also were down, but a rebound in poultry profitability in June should reverse that declining trend. In addition, the drought has not been as severe in southern Georgia as in the Midwest. Thus, most farmers should do as well as the previous year. By the end of this year, poultry farmers once again should be generating significant profitability. The insured unemployment rate continued to be the most favorable coincident indicator but corporate tax accruals and bank deposits also provided significant positive contributions. According to the coincident indicators, Georgia's gross state product grew slightly more than 2% after adjustment for inflation in the spring.

Georgia's leading indicators have been erratic in 1988, but the trend has been toward slowing. In June, the indicators dropped a sharp 1.1%, although most of that decline was the result of depleted revenue collections. This could have been the result of greater-than-normal tax refunds. Initial unemployment claims rose sharply in June, suggesting significant slowing in employment opportunities in the month's ahead. Residential permits also continued to decline. However, nonresidential construction showed modest gains while the manufacturing workweek was up slightly.

The most troubling result of the indicators is the substantial slowing in the leading indicators relative to the coincident indicators. This slowing suggests that the current Georgia economy, which is already growing at a subnormal 2.0%, is growing more than can be sustained by developing orders, permits, and purchasing power. Thus, the indicators suggest that an already sluggish Georgia economy could become even more sluggish before any improvement can develop later this year and early next year.

In recent months, retail trade in the South Atlantic has begun to grow more slowly than the national average. In May, the South Atlantic's increase of 4.7% above the previous year was slower than gains of 9.6% in New England, 8.1% in the West-North Central region, 7.8% in the Mid-Atlantic states and 4.8% in the Mountain states. However, for the first five months of 1988, the South Atlantic states continued to outperform the nation and all the other regions except New England. In Atlanta, retail sales for the first five months were up 4.6%, but department store sales showed only a 0.3% gain. Nationwide, department stores were able to increase 4.3% in the comparable period. In the first quarter of 1988, Georgia taxable sales showed a sharp increase of 10.6% as compared to 5.8% the previous year. This suggests that Georgia consumption, after adjustment for service expenditures, increased 8%. Adjusted for a modest decrease in individual tax reductions, Georgia disposable income apparently also increased about 8%. Thus, the savings rate changed very little in Georgia during the past year.

The weakness in employment gains is readily apparent in the unemployment data. While unemployment in the United States during the past year was falling from 6.1% to 5.4%, unemployment in Georgia was rising from 5.6% to 6.1%. Again, the household surveys are registering a discrepancy relative to employment gains in the payroll series. According to the household measure, employment is up 66,000, while the payroll estimates are up only slightly more than 20,000 over the comparable period. This suggests that the payroll estimates probably understate employment gains in Georgia, but even the 66,000 employment gain in the household survey is a significant slowing from the previous year. Only Albany showed a decline in the unemployment rate from the previous year as strong employment gains were not matched by labor force growth. However, the Albany unemployment rate remains at 9.2%. The lowest unemployment rate remains in Athens where strong employment gains are occurring with strong growth in the labor force. As a result, the unemployment rate has drifted up slightly from 4.1% to 4.3% over the past year. Unemployment has increased more sharply in Atlanta, from 4.7% to 5.3%. Unemployment has risen in Macon from 5.2% to 6.1% as the labor force has grown more sharply than employment. Similar conditions led to an increase in the unemployment rate in Augusta from 6.2% to 6.6%. Unemployment in Columbus has drifted up from 6.3% to 6.8%. Moreover, initial unemployment claims are now beginning to rise, suggesting further increases in unemployment ahead. Savannah shows the largest increase in unemployment as household measures of employment have declined from the previous year. Weakness in bag manufacturing may have been a significant factor here along with disappointing port activity. The Savannah unemployment rate has gone from 5.9% to 7.2% in the past year.

Rising unemployment rates in Georgia and Atlanta appear to be the result of new entrants unable to find work. The insured unemployment rates remain remarkably low. In Georgia, the insured unemployment rate once again dipped to 1.2% while it fell to 0.9% in Atlanta. This compares with a 2.1% insured unemployment rate nationwide. The insured rate in Atlanta is at a cyclical low.

Although mortgage rates are now moving significantly upward, they had not increased substantially from a year ago as summer began. Nationwide, the effective mortgage rate in May for all loans closed was down .10 percentage points from a year ago to 9.2%. In Atlanta, the effective rate increased by .20 percentage points but only to 9.29%. Mortgage rates should rise in the next few months and average close to 10% by the next quarterly report. Further increases in mortgage rates are now possible, with the rate approaching 11% early in 1989 before declining later in the year. Nationwide, the average purchase price of homes financed decreased $3900 to $118,200. In Atlanta, by contrast, home prices continued to soar to $145,700, an increase of $18,300 from a year ago. With rising mortgage rates and reduced employment gains, further substantial increases in the purchase price of homes in Atlanta are not likely.

A special audit of sales tax accounts and a significant shift in the payments and refunds on personal income taxes significantly altered revenue collections in Georgia during the second quarter. Revenue collections slowed to only a 4.8% gain in the quarter and actually fell by 0.6% in June from the previous year. As a result, revenue collections were up only 8.8% for the fiscal year. This was more than sufficient to meet the governor's budget, which originally projected only a 5.9% gain. However, the 8.2% increase projected for next fiscal year is in serious jeopardy. In previous quarters, the revenue increases were 9.9%, 12.3%, 9.1%, 6.9%, and 10.0%. We are now projecting a slowing in revenue gains to only 7.5% in each of the next two years. Thus, a modest budgetary crisis may develop this fiscal year.

Following the audit of sales tax accounts, sales tax receipts slowed sharply to an increase of only 4.9%. This compares with gains of 9.9%, 5.9%, 9.7%, 5.1%, and 5.4% in previous quarters. The sales tax gain for all state and local governments was 6.9%. This compares to increases of 7.5%, 6.4%, 6.5%, 6.8%, and 5.6% in previous quarters. Personal tax collections also slowed sharply to an increase of only 4.6%. This compares with gains of 14.8%, 15.5%, 11.0%, 9.6%, and 12.2% in previous quarters. All state and local governments showed an increase of only 1.9% in the latest quarter. This compares with increases of 9.2%, 8.2%, 8.6%, 21.8%, and 9.9% in previous quarters. According to our coincident indicators, productivity performance was unusually poor in Georgia during the first quarter and then improved significantly in the second quarter. This is clearly reflected in corporate tax collections. In the second quarter, corporate collections increased 11.5% as compared to a 0.4% decline from the previous year in the first quarter. This compared with increases of 5.7%, 4.9%, 2.9%, 26.3%, and 21.2% in previous quarters. Nationwide, corporate tax collections increased an estimated 23.9% in the latest quarter. This compares to increases of 13.4%, 15.9%, and 26.7% in previous quarters. The rebound in corporate tax collections suggests that the substantial slowing in sales tax and personal income collections may not be reflecting only conditions in the Georgia economy. Certainly, special audits and timing of refunds also distorted this year's collections. Nevertheless, revenue growth is slowing significantly, providing further support to the assessment that Georgia's economic activity no longer is growing more robustly than in the nation.

## Summary of Outlook

Possible shifts in seasonals and distortions in measuring second-quarter payroll estimates probably has led to a greater statement of employment weakness in Georgia than actually exists. Nevertheless, revenue estimates also show a significant slowing during the quarter, although those figures are distorted as well. Our coincident indicators reveal slow growth, although the leading indicators suggest that little or no growth may develop during the third quarter. In this confusing muddle of economic data, several factors are certain.

First, construction employment definitely is trending downward. During the first six months of this year, construction contracts have trailed previous year levels by 12%. Residential construction continues to trend downward, although nonresidential activity has begun to stabilize. Apartment activity is beginning to strengthen, but declines in single-family activity and public construction should prevent the construction sector from rebounding until well into next year.

Second, Lockheed is beginning layoffs following completion of the C-5B program, while GM's Lakewood plant is down to skeletal staff and may be permanently closed. Some of the weakness in fabricated metals may also be related to support for those important transportation activities. As a result, durable employment is declining in Georgia even as it is growing nationwide. Georgia is benefitting in its nonelectrical machinery and primary metals as a result of the national expansion in manufacturing, but weakness in construction is apparent in the construction-related durable manufacturing sectors.

Third, the overhang in retail employment that developed in 1985 and was never appropriately eliminated, is now being exorcised. As sales remain more robust than employment gains in trade, growing nearly 6% in inflation-adjusted terms during the first quarter, a rebound in trade employment should develop in 1989.

Fourth, the stock market crash impacted brokerage activity in Georgia along with other parts of the country. In addition, further consolidations by banks and cost-cutting measures have led to a dramatic slowing in employment opportunities. This is viewed as a one-time adjustment that will then permit more rapid gains next year.

Finally, several miscellaneous factors are leading to further economic softness. Eastern Airlines is reducing its presence at the Atlanta airport. Several trucking industries throughout the state have consolidated their operations. Business services are growing at surprisingly slow rates following a surge earlier in the cycle. A slowing was anticipated, but the magnitude of the slowdown is slightly surprising. Health services, however, continue to grow rapidly.

On balance, most of the slowing appears to be the result of one-time corrections to excesses, such as in construction and retail, or a one-time adjustment to special conditions, such as in the transportation equipment and finance sectors. Employment gains are developing in nonelectrical machinery and primary metals, as they are nationwide. Although the apparel industry remains weak, the textile industry continues to show gains. However, the carpet industry probably is due for some consolidation after four years of vigorous advance. Also, slower economic growth will lead to reduced growth for the transportation and communications activities. However, by the middle of 1989, most of these special effects should no longer be exerting their influence upon the Georgia economy. More robust employment gains then can develop. In the meantime, the unemployment rate is trending upward. Tight labor market conditions should disappear early next year.

Slower employment growth clearly leads to reduced growth in personal income. Weakness will be especially noteworthy in construction, where earnings fell last year. Also showing sharply reduced earnings growth are the trade and finance sectors as a result of difficulties in employment growth. Slowing business services also are reflected in slower earnings growth in the services category. Fortunately, higher interest rates will contribute to a significant gain in property income while a healthy unemployment compensation program should readily offset some of the wage loss through increased benefits. Also, the reduced availability of jobs in Georgia may reduce the number of people working in Georgia but living in other states. After adjustment for slightly more than 4% inflation in 1988 and inflation approaching 5% in 1989, real disposable income is expected to be growing between 2% and 2.5% in both years. Our latest projections show a Georgia economy generating only 30,200 new jobs in 1988 before adding 57,500 additional jobs in 1989. In both years, this employment growth will be less than the underlying growth capability of Georgia. As a result, the unemployment rate should rise and wage pressures should ease. A recession remains an unlikely condition for Georgia in the next two years despite this obvious slowing in growth opportunities.

## LESS THAN AVERAGE GROWTH EXPECTED IN ATLANTA DURING NEXT TWO YEARS

### Recent Conditions and Outlook

Although not all the weakness in Georgia employment opportunities are developing in Atlanta, some of the important problem areas are Atlanta-based. Both Lockheed and the Lakewood assembly plant are in the Atlanta metropolitan area. Retailing probably is as overdone in Atlanta as any other part of the state except Columbus. Brokerage activity is more heavily concentrated in Atlanta than in other parts of the state. Also, business services are heavily concentrated in Atlanta. Thus, employment shows the same seasonally adjusted declines in Atlanta that appeared throughout the state during the second quarter. Again, however, doubts about the validity of that seasonal adjustment pattern for the second quarter should be entertained. According to household surveys, employment is 20,000 better from previous year levels than measured by the payroll estimates. In both cases, however, economic expansion has slowed significantly.

Although construction is continuing to decline, current construction performance shows that apartment activity is increasing while commercial vacancy rates are continuing to decline. Thus, the magnitude of construction weakness from current levels cannot be very large. Unfortunately, the falloff in transportation equipment has only begun. By 1989, employment in that sector is expected to be 6400 jobs less than in 1986. Moreover, the weakness in construction will generate some softness in construction-related manufacturing sectors.

Nevertheless, some economic strength is developing in Atlanta. Primary metals, nonelectrical machinery, and even electrical machinery are beginning to show significant employment gains. Also, employment growth is unspectaculor but consistent in virtually all the nondurable areas except the apparel industry. Despite weakness at Eastern, employment gains remain strong for the communications and transportation sectors. In addition, government payrolls are continuing to show reasonable expansion, even though some budget constraints next year may slow the growth of state employees.

Some of the weakness in retail employment reflects consolidations following changes in ownership at Macy's and Rich's. Retail electronics chains also have faced considerable economic difficulty. However, most of the weakness is expected to become less significant or reverse direction next year. Thus, only a short period of especially slow employment growth is anticipated. Nevertheless, only 21,700 additional jobs are now expected in 1988, followed by job growth of 34,200 in 1989. Obviously, these increases fall far short of the Chamber's goal of adding 50,000 jobs per year over the next three years. The Coldwell Banker building survey shows a decline in commercial vacancies both nationwide and in Atlanta. Nationally, the combined vacancy rates for downtown suburban space fell from 20.4% in March to 19.8% in June. The comparable performance for Atlanta was 18.2% in March and 17.5% in June. Atlanta's downtown vacancy rate surged to 16.0%, only slightly behind the 16.3% vacancy rate for all downtown areas. However, suburban vacancies fell more sharply in Atlanta than they fell nationwide. The suburban vacancies in Atlanta were 17.8% as compared to 21.5% for all suburban areas nationwide. The Atlanta market continues to experience strong pre-leasing, a condition that did not exist until the past two years. Obviously, employment is migrating from downtown facilities to Midtown or Buckhead facilities. This is leading to uncomfortably high downtown vacacy rates. Vacancy rates also remain high in the Midtown area.

Industrial vacancy rates rose to 5.9% nationwide while they dropped slightly to a still high 7.0% in Atlanta. As completions of industrial space continue to exceed 10 million square feet. This slight dip in vacancies suggests that absorption remains robust. If reduced construction activity continues along with continued high absorption rates, vacancy rates in the industrial sector should return to national averages by the middle of next year.

Metro-wide, single-family housing permits fell 6% in the second quarter, a smaller rate of weakness than the 18.6% decline in the first quarter. Counties showing improvement in single-family permits include Coweta (15.4%), Walton (21.3%), Fayette (136.8%), DeKalb (20.6%), and Fulton (6.2%). Sharp gains in Fayette are in comparison to a previous year when sewer moratoriums slowed construction activity. Gwinnett remains the top single-family housing market, although permits are down 10% there. In Cobb, the second strongest market, starts have fallen a sharp 27.4%. Further weakness is expected in these two counties as a result of slower employment gains expected with the large Lockheed layoffs. As mortgage rates rise, further weakness is expected in single-family activity.

Multi-family activity continues to make a surprising rebound from substantial weakness in the previous year. As these apartments become completed, rental rates should be under downward pressures. This, in turn, should begin to exert downward pressures upon single-family housing prices in the Atlanta area. By the end of this year, both single-family and multi-family construction once again should be trending downward. In the meantime, permits are up 70% in the second quarter from previous year levels. In the first six months, activity has been especially strong in Fulton county, where permits exceed previous year levels by more than 200%. DeKalb is also experiencing substantial acceleration in apartment activity, with second-quarter permits up 105%. Of course, the largest percentage gains in apartment activity are being recorded in Gwinnett, where virtually no multi-family units were permitted a year ago. However, 224 permits during the second quarter pale in comparison to the 1300 or more in Fulton and DeKalb. Clayton county also continues to show surprising strength in multi-family activity, with second-quarter permits up over 300%. However, permits in Cobb county are off more than 50% in the second quarter and almost certainly will be down sharply for the year.

No significant pattern of housing activity appears to be developing at the present time. Housing strength is intensifying in the central counties of Fulton and DeKalb and is continuing to slow in Cobb and Gwinnett. The South side counties, which were showing substantial improvement last year, are currently showing mixed results. Swelling multi-family activity clearly is compensating for modest slowing in single-family permits in Clayton county. Also, a surge in housing activity appears to be developing in Fayette. However, a previous burst of growth in Henry county amid rumors about developments there, no longer is leading to accelerating housing activity. On the East side, Walton is accelerating, but Rockdale county is showing slower growth. Housing weakness in Douglas county shows that a surge in development there is not yet taking place. On the North, both Cobb and Gwinnett are growing rapidly, but are definitely slowing their rates of expansion. The further-out counties of Cherokee and Forsyth are showing limited spillover effects.

Because of reduced employment gains, our estimates of potential absorption have been reduced in the forecast years. Because of the slump in apartment activity in 1987, housing did not exceed absorption in that year. However, the rebound in apartments this year threatens a glut of housing activity. By next year, slower household formations could lead to significant overbuilding of housing activity. If so, real estate prices probably will stabilize in Atlanta and construction activity may slow more than is currently projected.

Data has recently been released which show that personal income in Atlanta was higher in 1986, the last year available, than originally expected. As a result, Atlanta is now generating nearly 52% of the personal income for the entire state. Especially noteworthy was the sharp upward revision in nonfarm proprietors' income. This is normally related to self-employed and small business development, and suggests that Atlanta was even a better vehicle for developing small business than originally anticipated. Also revised upward sharply were construction payrolls, retail trade earnings, and earnings in services. On the other hand, property income was revised downward, causing an unusually high 72% of all income in Atlanta to be earned through wages and salaries. This far exceeds the national importance in wage and salary concentrations.

Taxable sales in Atlanta continue to outperform Georgia. In the first quarter, sales were up a strong 10.9%. This suggests that total consumption probably grew at an 8% rate in that quarter. Personal income in Atlanta does not appear to have grown as rapidly as sales, suggesting that savings actually fell slightly in the quarter. On the other hand, after adjustment for inflation, sales were sharply higher than what was consistent with employment gains in the trade sector. This rebound in taxable sales following a discouraging fourth quarter suggests that the current consolidation in retail employment should be short-lived.

The surge in taxable sales was concentrated again in only a few counties. Fulton county once again showed a surprisingly strong 12.3% gain. However, Clayton county rebounded to a 12.5% gain, Gwinnett showed a 12.9% gain, Forsyth county rebounded from a disasterous first quarter in last year's racially-marred performance to tack on a 15.1% gain, Rockdale recovered from a disasterous Christmas to do a 13.9% gain while its neighbor Walton showed a 12.5% spurt. On the other hand, Cherokee showed a surprising 1.5% dip.

Income growth in Atlanta certainly is more than sufficient to sustain current employment growth in retail activity. However, the spurt in taxable sales during the first quarter far exceeds spending capabilities. For the year, real purchasing power in Atlanta probably will be up only about 3%. Similar gains in purchasing power are anticipated for 1989.

## Summary of Outlook

Atlanta appears to be adjusting surprisingly well to the slower growth in economic activity that is developing. Although housing may exceed absorption potential late in 1988 and in 1989, this overshooting appears to be the result of a rebound in apartment activity rather than any substantial excesses in single-family construction. However, single-family vacancy rates will rise as a result of the increased supply. Other construction appears to have slowed sufficiently to provide a modest decline in vacancy rates. Vacancies still may rebound slightly as tenants leave old locations to occupy new leases.

Retail activity has slowed sufficiently to eliminate the excess overhang that has persisted since 1985. Also, the financial sector is currently undergoing an adjustment that should be completed early in 1989. The only sector of longer-term concern is the business services sector, which has slowed its employment gains dramatically in recent quarters. Barring a collapse in that consulting sector, Atlanta should be poised to return to modest rates of employment growth in 1989. In the meantime, the unemployment rate probably will rise slightly followed by an increase in the insured unemployment rate, which currently is at cyclical lows. Thus, the tight labor market conditions in Atlanta should ease slightly next year.

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Table 1

Georgia Wage & Salary Employment for 1986 and 1987 with Forecasts for 1988 and 1989
(Thousands)

| Industry | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| 1. Mining | 8.2 | 8.4 | 8.5 | 8.5 | 2.0 | 1.6 | 1.2 | 0.5 |
| 2. Construction | 151.9 | 151.5 | 147.9 | 147.3 | 5.7 | -0.3 | -2.4 | -0.4 |
| 3. Manufacturing | 565.1 | 569.4 | 568.3 | 568.7 | 1.4 | 0.8 | -0.2 | 0.1 |
| Durables | 223.0 | 222.0 | 219.7 | 219.1 | 1.3 | -0.4 | -1.0 | -0.3 |
| Lumber | 35.2 | 33.7 | 34.0 | 33.9 | -1.3 | -4.3 | 0.9 | -0.3 |
| Furniture | 11.8 | 12.0 | 11.7 | 11.5 | -0.8 | 1.4 | -2.5 | -1.7 |
| Stone, Clay, Glass | 20.7 | 20.6 | 20.2 | 20.0 | 4.0 | -0.4 | -1.9 | -1.0 |
| Primary Metals | 16.2 | 16.2 | 16.3 | 16.5 | -1.9 | 0.1 | 0.6 | 1.2 |
| Fabricated Metals | 20.7 | 20.8 | 20.4 | 20.3 | 0.3 | 0.1 | -1.9 | -0.5 |
| Nonelectrical Machinery | 25.7 | 26.2 | 28.0 | 29.4 | -1.3 | 2.2 | 6.7 | 5.0 |
| Electrical Machinery | 29.4 | 29.5 | 29.6 | 29.8 | 6.4 | 0.3 | 0.3 | 0.7 |
| Transportation Equipment | 51.1 | 50.6 | 47.4 | 45.6 | 4.0 | -0.8 | -6.3 | -3.8 |
| Other Durables | 12.2 | 12.3 | 12.1 | 12.1 | -3.4 | 1.3 | -1.6 | 0.0 |
| Nondurables | 342.1 | 347.4 | 348.6 | 349.6 | 1.5 | 1.5 | 0.3 | 0.3 |
| Food | 60.6 | 60.8 | 61.3 | 61.9 | 2.3 | 0.3 | 0.8 | 1.0 |
| Textiles | 102.9 | 107.2 | 108.0 | 107.5 | 2.1 | 4.1 | 0.7 | -0.5 |
| Apparel | 69.0 | 67.8 | 66.4 | 65.8 | -2.0 | -1.7 | -2.1 | -0.9 |
| Paper | 30.8 | 31.2 | 31.0 | 31.3 | 1.7 | 1.2 | -0.6 | 1.0 |
| Printing | 36.1 | 37.1 | 38.4 | 39.0 | 5.8 | 2.9 | 3.5 | 1.6 |
| Chemicals | 19.3 | 19.2 | 19.3 | 19.5 | -0.1 | -0.6 | 0.4 | 1.0 |
| Leather | 1.6 | 1.6 | 1.6 | 1.6 | -3.6 | -1.1 | 2.6 | 0.0 |
| Other Nondurables | 21.8 | 22.5 | 22.6 | 23.0 | 2.9 | 3.2 | 0.4 | 1.8 |
| 4. Transportation, Comm. & Utilities | 168.3 | 174.6 | 177.2 | 179.5 | 3.2 | 3.8 | 1.5 | 1.3 |
| 5. Trade | 667.5 | 692.2 | 697.7 | 717.7 | 3.8 | 3.7 | 0.8 | 2.9 |
| Wholesale | 195.9 | 200.1 | 199.5 | 202.8 | 0.3 | 2.2 | -0.3 | 1.7 |
| Retail | 471.6 | 492.1 | 498.2 | 514.9 | 5.4 | 4.3 | 1.2 | 3.4 |
| 6. Finance, Ins. & Real Estate | 146.1 | 155.1 | 156.4 | 160.3 | 6.8 | 6.2 | 0.8 | 2.5 |
| 7. Services | 503.3 | 536.0 | 550.3 | 570.2 | 7.2 | 6.5 | 2.7 | 3.6 |
| 8. Government | 462.3 | 476.1 | 487.1 | 498.7 | 3.0 | 3.0 | 2.3 | 2.4 |
| Federal | 96.9 | 99.3 | 98.3 | 99.1 | 2.8 | 2.5 | -1.0 | 0.8 |
| State | 107.7 | 111.3 | 113.5 | 115.7 | 2.8 | 3.3 | 2.0 | 1.9 |
| Local | 257.7 | 265.4 | 275.3 | 283.9 | 3.2 | 3.0 | 3.7 | 3.1 |
| Total Wage & Salary Employment | 2672.6 | 2763.2 | 2793.4 | 2850.9 | 4.0 | 3.4 | 1.1 | 2.1 |
| Unemployment Rate | 5.9 | 5.3 | 6.0 | 6.4 | -9.2 | -10.2 | 13.2 | 6.7 |

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Table 2

## Georgia Personal Income for 1986 and 1987 with Forecasts for 1988 and 1989
(Millions of Dollars)

| | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Wage & Salary Income | 53041 | 57115 | 60658 | 64933 | 9.1 | 7.8 | 6.2 | 7.0 |
| 2. Other Labor Income | 4913 | 5234 | 5486 | 5760 | 8.4 | 6.5 | 4.8 | 5.0 |
| 3. Proprietors' Income | 6244 | 6745 | 7108 | 7646 | 14.6 | 8.0 | 5.4 | 7.6 |
| Farm | 1003 | 1001 | 1005 | 1165 | 22.5 | -0.2 | 0.4 | 15.9 |
| Nonfarm | 5241 | 5744 | 6103 | 6481 | 13.2 | 9.6 | 6.3 | 6.2 |
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Farm | 1152 | 1153 | 1165 | 1333 | 19.1 | 0.1 | 1.0 | 14.4 |
| 2. Mining | 330 | 374 | 414 | 437 | 5.6 | 13.4 | 10.7 | 5.5 |
| 3. Contract Construction | 4484 | 4445 | 4310 | 4379 | 14.5 | -0.9 | -3.0 | 1.6 |
| 4. Manufacturing | 13016 | 13748 | 14604 | 15276 | 7.8 | 5.6 | 6.2 | 4.6 |
| Durables | 5826 | 6088 | 6501 | 6743 | 7.7 | 4.5 | 6.8 | 3.7 |
| Nondurables | 7189 | 7660 | 8103 | 8533 | 7.9 | 6.5 | 5.8 | 5.3 |
| 5. Transportation & Utilities | 5763 | 6296 | 6688 | 7147 | 6.5 | 9.2 | 6.2 | 6.9 |
| 6. Trade | 12344 | 13259 | 13911 | 14974 | 6.7 | 7.4 | 4.9 | 7.6 |
| Wholesale | 5794 | 6208 | 6521 | 6993 | 5.1 | 7.1 | 5.0 | 7.2 |
| Retail | 6550 | 7051 | 7390 | 7981 | 8.2 | 7.6 | 4.8 | 8.0 |
| 7. Finance, Ins. & Real Estate | 4169 | 4664 | 4892 | 5265 | 18.1 | 11.9 | 4.9 | 7.6 |
| 8. Services | 12140 | 13598 | 14723 | 16094 | 13.4 | 12.0 | 8.3 | 9.3 |
| 9. Other Industries | 270 | 274 | 312 | 326 | 13.4 | 1.6 | 13.9 | 4.5 |
| 10. Government | 10533 | 11323 | 12233 | 13108 | 6.5 | 7.5 | 8.0 | 7.2 |
| Federal Civilian | 2485 | 2549 | 2665 | 2808 | -0.2 | 2.6 | 4.6 | 5.4 |
| Federal Military | 1479 | 1511 | 1585 | 1685 | 4.5 | 2.2 | 4.9 | 6.3 |
| State & Local | 6569 | 7264 | 7983 | 8615 | 9.7 | 10.6 | 9.9 | 7.9 |
| Plus: | | | | | | | | |
| Property Income | 11158 | 11765 | 12976 | 13826 | 8.0 | 5.4 | 10.3 | 6.6 |
| State U.I. Benefits | 227 | 241 | 243 | 293 | 7.5 | 6.2 | 0.8 | 20.6 |
| Other Transfers | 10360 | 10887 | 11743 | 12567 | 5.5 | 5.1 | 7.9 | 7.0 |
| Residence Adjustment | -193 | -207 | -193 | -186 | 30.0 | 7.3 | -6.8 | -3.6 |
| Less: Social Ins. Contributions | 3648 | 3947 | 4479 | 4881 | 10.1 | 8.2 | 13.5 | 9.0 |
| Equals: Total Personal Income | 82103 | 87874 | 93542 | 99958 | 8.7 | 7.0 | 6.5 | 6.9 |
| Nonfarm Personal Income | 80951 | 86721 | 92377 | 98625 | 8.6 | 7.1 | 6.5 | 6.8 |
| % of U.S. Nonfarm | 2.32 | 2.35 | 2.35 | 2.35 | --- | --- | --- | --- |
| Population | 6104 | 6222 | 6331 | 6435 | 2.16 | 1.93 | 1.75 | 1.64 |

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Table 3 Atlanta MSA Wage and Salary Employment for 1986 and 1987 with Forecasts for 1988 and 1989 (Thousands)

| Industry | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| 1. Mining | 1.3 | 1.4 | 1.4 | 1.4 | 6.9 | 7.7 | 0.0 | 0.0 |
| 2. Contract Construction | 74.0 | 72.9 | 70.6 | 70.1 | 3.3 | -1.5 | -3.1 | -0.7 |
| 3. Manufacturing | 191.1 | 187.9 | 186.8 | 187.1 | 2.9 | -1.7 | -0.6 | 0.2 |
| Durables | 100.4 | 97.2 | 94.7 | 93.6 | 3.0 | -3.2 | -2.5 | -1.2 |
| Lumber | 5.0 | 5.1 | 5.1 | 5.0 | 2.5 | 0.7 | 0.5 | -1.5 |
| Furniture | 4.4 | 4.2 | 4.1 | 4.0 | -6.9 | -5.1 | -1.9 | -2.4 |
| Stone, Clay, Glass | 9.8 | 9.4 | 8.9 | 8.6 | 3.6 | -4.3 | -5.3 | -3.4 |
| Primary Metals | 7.0 | 6.9 | 6.9 | 7.1 | 1.5 | -1.1 | 0.0 | 2.9 |
| Fabricated Metals | 9.5 | 9.6 | 9.8 | 10.1 | 2.6 | 0.4 | 2.1 | 3.1 |
| Nonelectrical Machinery | 10.6 | 10.4 | 11.1 | 11.9 | 0.7 | -1.2 | 6.7 | 7.2 |
| Electrical Machinery | 15.5 | 14.7 | 14.6 | 14.8 | 8.9 | -5.3 | -0.7 | 1.4 |
| Transportation Equipment | 33.0 | 31.4 | 28.7 | 26.6 | 3.7 | -4.7 | -8.6 | -7.3 |
| Other Durables | 5.7 | 5.6 | 5.5 | 5.5 | -0.6 | -1.6 | -1.8 | 0.0 |
| Nondurables | 90.7 | 90.8 | 92.1 | 93.5 | 2.8 | 0.0 | 1.4 | 1.5 |
| Food | 22.0 | 21.3 | 21.4 | 21.7 | 6.5 | -3.3 | 0.5 | 1.4 |
| Textiles | 7.1 | 7.4 | 7.6 | 7.8 | -5.6 | 3.9 | 3.0 | 2.6 |
| Apparel | 12.3 | 11.6 | 11.3 | 11.1 | -3.0 | -5.6 | -2.6 | -1.8 |
| Paper | 8.9 | 9.2 | 9.5 | 9.7 | 3.2 | 3.6 | 3.3 | 2.1 |
| Printing | 22.4 | 22.7 | 23.2 | 23.7 | 4.3 | 1.1 | 2.4 | 2.2 |
| Chemicals | 9.3 | 9.2 | 9.4 | 9.5 | -1.9 | -1.1 | 2.0 | 1.1 |
| Other Nondurables | 8.7 | 9.4 | 9.7 | 10.0 | 12.3 | 8.5 | 3.1 | 3.1 |
| 4. Transportation, Comm. & Utilities | 109.3 | 114.9 | 119.5 | 121.8 | 4.3 | 5.1 | 4.0 | 1.9 |
| 5. Trade | 366.3 | 378.5 | 380.3 | 388.7 | 4.5 | 3.3 | 0.5 | 2.2 |
| Wholesale | 128.3 | 131.0 | 131.0 | 132.3 | 2.4 | 2.1 | 0.0 | 1.0 |
| Retail | 238.0 | 247.5 | 249.3 | 256.4 | 5.7 | 4.0 | 0.7 | 2.8 |
| 6. Finance, Ins. and Real Estate | 93.4 | 98.1 | 99.3 | 102.8 | 5.0 | 5.1 | 1.2 | 3.5 |
| 7. Services | 302.7 | 319.8 | 330.4 | 344.3 | 7.5 | 5.6 | 3.3 | 4.2 |
| 8. Government | 185.5 | 194.1 | 200.9 | 207.2 | 4.2 | 4.6 | 3.5 | 3.1 |
| Federal | 39.9 | 42.1 | 42.6 | 43.2 | 4.1 | 5.7 | 1.2 | 1.4 |
| State | 36.9 | 38.9 | 41.0 | 42.5 | 4.1 | 5.4 | 5.4 | 3.7 |
| Local | 108.7 | 113.0 | 117.3 | 121.5 | 4.3 | 4.0 | 3.8 | 3.6 |
| Total Wage & Salary Employment | 1323.7 | 1367.5 | 1389.2 | 1423.4 | 4.9 | 3.3 | 1.6 | 2.5 |
| Unemployment Rate | 4.5 | 4.4 | 5.1 | 5.5 | -10.0 | -2.2 | 15.9 | 7.8 |

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Table 4 Atlanta MSA Personal Income for 1986 with Forecasts for 1987 through 1989
(Millions of Dollars)

| | 1986 | 1987 | 1988 | 1989 | 85-86 | 86-87 | 87-88 | 88-89 |
|---|---|---|---|---|---|---|---|---|
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Wage & Salary Income | 30050 | 32365 | 34459 | 37069 | 10.4 | 7.7 | 6.5 | 7.6 |
| 2. Other Labor Income | 2842 | 3021 | 3172 | 3328 | 9.6 | 6.3 | 5.0 | 4.9 |
| 3. Proprietors' Income | 2739 | 3013 | 3209 | 3401 | 14.8 | 10.0 | 6.5 | 6.0 |
| Farm | 145 | 147 | 153 | 159 | 35.5 | 1.4 | 4.1 | 3.9 |
| Nonfarm | 2594 | 2866 | 3056 | 3242 | 13.9 | 10.5 | 6.6 | 6.1 |
| Labor & Proprietors' Income: | | | | | | | | |
| 1. Farm | 155 | 159 | 166 | 173 | 32.5 | 2.6 | 4.4 | 4.2 |
| 2. Contract Construction | 2483 | 2432 | 2345 | 2376 | 13.5 | -2.1 | -3.7 | 1.3 |
| 3. Manufacturing | 5316 | 5480 | 5808 | 6064 | 10.0 | 3.1 | 6.0 | 4.4 |
| Durables | 3081 | 3133 | 3299 | 3392 | 8.9 | 1.7 | 5.3 | 2.8 |
| Nondurables | 2235 | 2347 | 2509 | 2672 | 11.5 | 5.0 | 6.9 | 6.5 |
| 4. Transportation & Utilities | 4042 | 4466 | 4855 | 5219 | 7.0 | 10.5 | 8.7 | 7.5 |
| 5. Trade | 8306 | 8899 | 9330 | 9974 | 7.1 | 7.1 | 4.8 | 6.9 |
| Wholesale | 4595 | 4917 | 5177 | 5514 | 6.2 | 7.0 | 5.3 | 6.5 |
| Retail | 3711 | 3982 | 4153 | 4460 | 8.3 | 7.3 | 4.3 | 7.4 |
| 6. Finance, Ins. & Real Estate | 3054 | 3384 | 3563 | 3870 | 19.1 | 10.8 | 5.3 | 8.6 |
| 7. Services | 7766 | 8628 | 9396 | 10326 | 14.2 | 11.1 | 8.9 | 9.9 |
| 8. Other Industries | 210 | 232 | 246 | 261 | 11.2 | 10.4 | 6.3 | 5.9 |
| 9. Government | 4300 | 4719 | 5131 | 5535 | 8.2 | 9.7 | 8.7 | 7.9 |
| Federal Civilian | 1124 | 1189 | 1242 | 1316 | 1.8 | 5.8 | 4.4 | 6.0 |
| Federal Military | 263 | 273 | 287 | 304 | 10.5 | 3.7 | 5.3 | 6.0 |
| State & Local | 2913 | 3257 | 3602 | 3915 | 10.7 | 11.8 | 10.6 | 8.7 |
| Plus: | | | | | | | | |
| Property Income | 5609 | 5923 | 6551 | 6990 | 7.8 | 5.6 | 10.6 | 6.7 |
| Transfer Payments | 3722 | 3908 | 4217 | 4440 | 5.6 | 5.0 | 7.9 | 5.3 |
| Residence Adjustment | -895 | -913 | -901 | -873 | 4.8 | 2.0 | -1.3 | -3.1 |
| Less: Social Ins. Contributions | 2055 | 2224 | 2530 | 2771 | 11.5 | 8.2 | 13.8 | 9.5 |
| Equals: Total Personal Income | 42012 | 45093 | 48177 | 51584 | 9.9 | 7.3 | 6.8 | 7.1 |
| Nonfarm Personal Income | 41857 | 44934 | 48011 | 51411 | 9.8 | 7.4 | 6.8 | 7.1 |
| % of Georgia Nonfarm | 51.71 | 51.81 | 51.97 | 52.13 | --- | --- | --- | --- |
| Population (#,Thousands) | 2561 | 2642 | 2714 | 2773 | 3.69 | 3.20 | 2.73 | 2.17 |

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Table 5

Seasonally Adjusted Nonagricultural Employment
(Thousands)

| | Georgia | | | | | | Atlanta | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 87-2 | 87-3 | 87-4 | 88-1(r) | 88-2(p) | Jun(p) | 87-2 | 87-3 | 87-4 | 88-1(r) | 88-2(p) | Jun(p) |
| Total | 2754.6 | 2773.4 | 2785.8 | 2798.8 | 2785.5 | 2784.9 | 1365.2 | 1371.2 | 1376.5 | 1390.8 | 1384.4 | 1385.2 |
| Mining | 8.4 | 8.3 | 8.3 | 8.4 | 8.5 | 8.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Contract Construction | 148.9 | 150.8 | 154.2 | 152.3 | 148.5 | 147.8 | 71.6 | 72.5 | 73.4 | 71.7 | 70.5 | 70.0 |
| Manufacturing | 569.0 | 570.6 | 573.2 | 574.9 | 568.8 | 567.1 | 188.8 | 187.5 | 187.9 | 190.5 | 187.4 | 186.6 |
| Durables | 222.5 | 222.1 | 222.7 | 224.0 | 219.9 | 219.2 | 98.2 | 96.7 | 96.6 | 98.1 | 95.2 | 94.6 |
| Lumber | 33.7 | 33.6 | 33.6 | 33.9 | 34.0 | 34.0 | 4.9 | 5.0 | 5.2 | 5.1 | 5.0 | 5.0 |
| Furniture | 11.9 | 12.1 | 12.1 | 12.0 | 11.7 | 11.6 | 4.1 | 4.2 | 4.3 | 4.3 | 4.1 | 4.0 |
| Stone, Clay, Glass | 20.9 | 20.4 | 20.5 | 20.6 | 20.2 | 20.2 | 9.7 | 9.3 | 9.1 | 9.2 | 8.9 | 8.7 |
| Primary Metals | 16.3 | 16.1 | 16.1 | 16.4 | 16.1 | 16.2 | 7.1 | 6.7 | 6.6 | 6.7 | 6.8 | 7.0 |
| Fabricated Metals | 20.9 | 20.8 | 20.7 | 20.8 | 20.5 | 20.4 | 9.7 | 9.5 | 9.6 | 9.9 | 9.8 | 9.8 |
| Nonelectrical Machinery | 25.9 | 26.5 | 27.1 | 27.6 | 27.9 | 28.0 | 10.3 | 10.6 | 10.7 | 11.1 | 11.1 | 11.2 |
| Electrical Machinery | 29.6 | 29.7 | 29.4 | 29.7 | 29.7 | 29.6 | 14.7 | 14.7 | 14.4 | 14.7 | 14.8 | 14.6 |
| Transportation Equipment | 50.9 | 50.5 | 51.0 | 50.7 | 47.8 | 47.2 | 32.0 | 31.2 | 31.1 | 31.6 | 29.3 | 28.7 |
| Other Durables | 12.4 | 12.4 | 12.2 | 12.5 | 12.1 | 12.1 | 5.6 | 5.6 | 5.6 | 5.7 | 5.5 | 5.4 |
| Nondurables | 346.5 | 348.5 | 350.5 | 350.9 | 348.9 | 347.9 | 90.7 | 90.8 | 91.2 | 92.4 | 92.2 | 92.0 |
| Food | 60.5 | 60.9 | 61.3 | 61.8 | 61.2 | 61.2 | 21.3 | 21.2 | 21.2 | 21.7 | 21.5 | 21.3 |
| Textiles | 106.6 | 108.1 | 108.0 | 108.2 | 107.9 | 108.0 | 7.3 | 7.4 | 7.5 | 7.6 | 7.6 | 7.6 |
| Apparel | 68.1 | 67.8 | 67.8 | 67.4 | 66.7 | 66.1 | 11.7 | 11.6 | 11.4 | 11.6 | 11.4 | 11.3 |
| Paper | 31.1 | 30.7 | 31.9 | 31.8 | 31.2 | 30.8 | 9.2 | 9.3 | 9.3 | 9.5 | 9.5 | 9.5 |
| Printing | 36.8 | 37.3 | 37.9 | 38.2 | 38.4 | 38.3 | 22.5 | 22.7 | 23.0 | 23.0 | 23.2 | 23.2 |
| Chemicals | 19.1 | 19.4 | 19.5 | 19.5 | 19.3 | 19.3 | 9.1 | 9.3 | 9.4 | 9.4 | 9.4 | 9.4 |
| Leather | 1.6 | 1.7 | 1.6 | 1.6 | 1.6 | 1.6 | --- | --- | --- | --- | --- | --- |
| Other Nondurables | 22.6 | 22.7 | 22.6 | 22.5 | 22.6 | 22.6 | 9.5 | 9.4 | 9.4 | 9.7 | 9.6 | 9.7 |
| Transportation, Comm. & Util. | 174.8 | 175.0 | 176.1 | 176.4 | 177.2 | 177.0 | 115.2 | 115.8 | 116.6 | 117.7 | 119.5 | 119.5 |
| Trade | 691.4 | 694.6 | 692.5 | 699.8 | 693.3 | 692.4 | 378.4 | 378.7 | 378.2 | 382.1 | 378.3 | 378.2 |
| Wholesale | 200.0 | 199.4 | 200.3 | 200.6 | 200.0 | 199.1 | 131.0 | 130.4 | 131.4 | 131.8 | 130.8 | 130.9 |
| Retail | 491.4 | 495.2 | 492.2 | 499.2 | 493.4 | 493.2 | 247.3 | 248.4 | 246.8 | 250.3 | 247.5 | 247.2 |
| Finance, Ins. & Real Estate | 154.4 | 156.2 | 156.7 | 157.3 | 156.0 | 155.8 | 97.9 | 98.8 | 98.9 | 99.5 | 99.2 | 99.2 |
| Services | 532.7 | 538.0 | 546.5 | 545.4 | 548.5 | 549.5 | 317.8 | 321.6 | 324.2 | 328.3 | 326.9 | 329.9 |
| Government | 475.1 | 479.9 | 478.3 | 484.3 | 484.8 | 487.1 | 194.0 | 194.9 | 195.9 | 200.0 | 201.0 | 200.4 |
| Federal | 99.0 | 99.6 | 100.2 | 99.9 | 98.3 | 98.2 | 41.8 | 42.5 | 43.1 | 42.9 | 42.7 | 42.6 |
| State and Local | 376.1 | 380.4 | 378.2 | 384.5 | 386.5 | 388.9 | 152.2 | 152.4 | 152.8 | 156.8 | 158.3 | 157.9 |
| State | 110.8 | 111.4 | 112.4 | 113.5 | 112.8 | 112.8 | 38.8 | 38.6 | 39.6 | 40.6 | 40.4 | 41.2 |
| Local | 265.3 | 268.9 | 265.8 | 270.9 | 273.7 | 276.1 | 113.5 | 113.9 | 113.2 | 116.2 | 117.9 | 116.7 |

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Table 6 Metro Atlanta Housing Permits for 1985 through 1987 with Forecasts through 1989

| | 1985 | | 1986 | | 1987 | | 1988 | | 1989 | |
|---|---|---|---|---|---|---|---|---|---|---|
| County | single | multi | single | multi | single | multi | single | multi | single | multi |
| Barrow | -- | -- | -- | -- | 206 | 0 | 210 | 20 | 195 | 40 |
| Butts | 66 | 4 | 64 | 0 | 93 | 0 | 75 | 10 | 70 | 10 |
| Cherokee | 1632 | 155 | 2450 | 265 | 1763 | 58 | 1500 | 20 | 1460 | 40 |
| Clayton | 1408 | 1424 | 1559 | 1832 | 1436 | 30 | 1350 | 1700 | 1300 | 1630 |
| Cobb | 5713 | 3003 | 5875 | 3922 | 5455 | 2781 | 4100 | 2000 | 3750 | 1760 |
| Coweta | -- | -- | -- | -- | 886 | 0 | 860 | 80 | 830 | 80 |
| DeKalb | 2686 | 4302 | 3265 | 3647 | 2895 | 3076 | 2950 | 3570 | 2830 | 3410 |
| Douglas | 702 | 189 | 779 | 202 | 946 | 303 | 680 | 600 | 660 | 760 |
| Fayette | 692 | 0 | 802 | 0 | 836 | 0 | 960 | 5 | 920 | 10 |
| Forsyth | 718 | 76 | 782 | 120 | 735 | 36 | 730 | 10 | 700 | 30 |
| Fulton | 3048 | 4143 | 3416 | 4355 | 3512 | 2506 | 3530 | 3650 | 3220 | 3120 |
| Gwinnett | 6905 | 4112 | 5728 | 4062 | 5496 | 322 | 4130 | 860 | 4420 | 1060 |
| Henry | 899 | 128 | 1322 | 164 | 1464 | 134 | 1400 | 100 | 1460 | 130 |
| Newton | 311 | 14 | 373 | 62 | 523 | 0 | 420 | 0 | 450 | 10 |
| Paulding | 718 | 0 | 882 | 6 | 1061 | 0 | 850 | 0 | 830 | 20 |
| Rockdale | 692 | 120 | 1075 | 298 | 971 | 159 | 730 | 210 | 700 | 300 |
| Spalding | -- | -- | -- | -- | 854 | 48 | 375 | 50 | 350 | 65 |
| Walton | 286 | 0 | 343 | 0 | 484 | 0 | 670 | 70 | 740 | 90 |
| Total | 26476 | 17670 | 28715 | 18935 | 29616 | 11253 | 25520 | 12955 | 24885 | 12565 |
| % Change From Previous Year | +22.7 | -8.5 | +8.5 | +7.2 | -3.6 | -40.8 | -13.8 | +15.1 | -2.5 | -3.0 |
| % Change in Total (single + multi) | +7.8 | | +7.9 | | -18.4 | | -5.9 | | -2.7 | |
| Estimated Potential Absorption (000) | 48.0 | | 45.6 | | 40.5 | | 36.0 | | 29.5 | |

Source: Homebuilders Association of Metro Atlanta

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|---|---|
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